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**THE
MIDDLE
EAST:
OIL
AND
POLICY**



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**БЛИЖНИЙ ВОСТОК:
НЕФТЬ И ПОЛИТИКА**

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INTRODUCTION

For more than a quarter of a century now there has been a continuous confrontation in the Middle East between imperialism linked up with local reactionary forces and the national liberation movement. In no other region on earth does the struggle for national independence face such a fierce counter-offensive from quarters trying to maintain their military, political and economic control.

The West, especially Great Britain, was mainly interested in the Middle East in the 19th century for purely strategic reasons. London was striving to keep safe the "imperial routes" that connected the powerful centre of the empire with its overseas territories, notably with India. The main "stations" on these routes were Egypt with the Suez Canal, mandate Palestine and Aden as a key point on the Red Sea. Great Britain bound the emirates of the Persian Gulf with notorious treaties on "collective security" and established control over Iraq and Sudan. France settled down in Morocco, Algeria, Tunisia, Syria and Lebanon. Italy occupied Libya.

The early 20th century brought the discovery of rich oil fields in the Middle East. World oil production was growing rapidly at that time but the Mideast region was yet to play a major role in world trade. The remoteness of markets and lack of the infrastructure prevented the region's oil wealth from being utilised more extensively. Mighty petroleum concerns had already started to form in the world and were keeping an eye

on the inexhaustible oil reserves of the Middle East. But World War I halted their active exploitation. In 1920, Mideast oil production accounted for little more than 1 per cent of world total. It was 5.5 per cent for the next 20 years, about 15 million tons annually. Iran, Iraq and, to a certain extent, Egypt became the leading oil-producing centres. The Middle East was being covered with networks of pipelines; marine petroleum terminals were set up. Oil refineries appeared and new, previously unknown names emerged on the world petroleum map, such as Qatar, Kuwait, Abu Dhabi, Dahrán in Saudi Arabia, and Bahrain.

Saudi Arabia took the leading role among the oil-producing countries of the Middle East after World War II. The US-based Arabian American Oil Company known as ARAMCO controlled oil production in that country. Between 1945 and 1952 ARAMCO increased annual oil production from 2.5 million tons to 41 million tons. Middle East crude oil production totaled 104.4 million tons in 1952 (605 million tons were produced worldwide).«01»

Together with the West's growing interest in controlling cheap oil to supply the capitalist economy, the Middle East saw an intensification of the Arab peoples' struggle for their political and economic liberation. The victory over German fascism in World War II, won largely due to the efforts of the Soviet Union, and the emergence of the socialist community, a true ally of the national liberation movements, were important factors contributing to the rise of that struggle. The end of the war marked the beginning of the collapse of the world colonial system and the proclamation of independence by some Asian and African states. This process was especially dramatic in the Middle East.

Patrick Seale, a British journalist and the author of many books on the Middle East, wrote: "Arab nationalists between the two world wars were primarily concerned with ridding their countries of the presence of

the foreign occupying Power: the French in Syria and Lebanon, the British everywhere else. Nationalism could, in this period, be defined almost wholly as a rejection of foreign control."«02»

The creation in Palestine of the pro-imperialist state of Israel in 1948 was met with negative response from the Arabs and caused them to step up their struggle for independence against imperialism and Zionism.

Lenin, analysing Britain's policy in the Middle East at the turn of the 20th century, wrote in 1917: "Britain at any rate will not renounce the seizure (annexation) of Palestine and Mesopotamia..."«03» Those were prophetic words: London held on to its mandate territory until the United Nations decided to divide Palestine and a US presence was established in Israel.

While each pursued its own special interests British imperialism and Zionism were allied as far as the struggle against the Arab national liberation movement was concerned. Their collaboration was based on two principal factors: Great Britain possessed a territory (Palestine) but no manpower to develop it, whereas Zionists could colonise (and not necessarily just Palestine—the Zionists are known to have offered themselves as colonists in Africa, particularly in Uganda), but had no suitable territory.

The chauvinistic Zionists' national programme was to immigrate a Jewish majority and proclaim a purely Jewish state in Palestine. This policy could not be carried out without the support of an imperialist power. So it was not surprising that the Zionists readily accepted the British mandate in 1920, which included a declaration made by Lord Balfour, the British Foreign Secretary, who pledged to support the creation of a Jewish "homeland" in Palestine.

The Zionists gave all possible assurances to their senior partners represented by Great Britain and other Western countries about their own goals in Palestine, especially after London in 1922 and 1923 established control over that region by mandate of the League of

Nations. At that time, the Arab population had already spoken resolutely against British colonial rule and the British colonial authorities regarded the Jewish immigration as a force directed against the national liberation movement in the region.

One must remember that the state of Israel was established at a time when the national liberation movement was spreading in the Arab world despite unfavourable conditions. Post-war developments in the Middle East clearly demonstrated that the reactionary regimes and monarchies predominating in the Arab world were utterly incapable of leading the struggle to fulfil the aspirations of the Arab nation and, moreover, they became a hindrance to the liberation struggle. This realisation did not come at once; it emerged as new facts multiplied attesting to the Western attempts to control the Arab world. The result was the revolutions that rocked the Middle East and Northern Africa in the 1950s and 1960s.

Egyptian President Gamal Abdel Nasser recalled in his book *The Philosophy of the Revolution* his participation in a protest demonstration on the anniversary of the notorious Balfour Declaration whereby Great Britain sanctioned the creation of a Jewish "homeland" in Palestine by Zionists: "When I asked myself at that time why I left my school so enthusiastically and why I was angry for this land /Palestine—*Authors' note* / which I never saw, I could not find an answer except the echoes of sentiment. When the Palestine crisis loomed on the horizon I was firmly convinced that the fighting in Palestine was not fighting on foreign territory. Nor was it inspired by sentiment. It was a duty imposed by self defence... We were fighting in Palestine but our dreams were in Egypt. Our bullets were aimed at the enemy lurking in the trenches in front of us, but our hearts were hovering round our distant Mother Country, which was then a prey to the wolves that ravaged it" (King Farouq then ruling in Egypt, his clique and their

masters—British colonialists). «04»

President Nasser further gave his opinion about Arab unity in the fight against imperialism: "After ... the battles in Palestine I came home with the whole region in my mind one complete whole. The events that followed confirmed this belief in me. As I pursued the developments of the situation I found nothing but echoes responding to one another. An event may happen in Cairo today; it is repeated in Damascus, Beirut, Amman or any other place tomorrow... One region, the same factors and circumstances, even the same forces opposing them all. It was clear that Imperialism was the most prominent of these forces; even Israel itself was but one of the outcomes of Imperialism... Imperialism is the great force that throws around the whole region a fatal siege a hundred times stricter and more cruel than the siege around us /an Egyptian military unit commanded by Nasser during the war with Israel in 1948—*Authors' note* / in Falouga... As long as the region is one, and its conditions, its problems and its future, and even the enemy are the same however different are the masks that the enemy covers its face with, why should we dissipate our efforts? The experience of what followed on 23rd July increased my faith in a united struggle and its necessity." «05»

This was evidence of moving from exclusively nationalist slogans to qualitatively new ideas—the realisation of the Arab world's common interests in its anti-imperialist struggle and the understanding of the need to combine the struggle against Zionism with that against imperialism.

All the revolutionary upheavals in the Arab world that Egypt instigated in 1952 were clearly anti-imperialist in nature and inflicted a severe blow upon the colonial interests of the West. Egypt had a special place in this process because it was a pioneer in successful revolutionary struggle. The country on the Nile became a detonator that triggered a chain reaction of national libe-

ration revolutions.

The military coup in Egypt on July 23, 1952 put an end to the royal regime. The leaders of the Free Officers, a secret organisation headed by Nasser, outlined ways to achieve their main goal—the elimination of British rule in Egypt. That was facilitated by a number of factors. First, the community of socialist countries was there to turn to for help and support, which was what Nasser did. Another factor was the obvious weakening of the British Empire. The emergence of the United States as a power on the scene also played an important role. Lacking an adequate foothold in the Middle East, the United States tried to establish a presence near the rich oil reserves at Britain's expense.

US foreign policy in the region needs to be examined. It is a well-known fact that the USA did not bear the main burden of military efforts in the fight against Hitler's Germany. They, therefore, found themselves in a privileged position, compared with their weakened allies—Great Britain and France. Imperialist Germany and Japan were no longer of any significance. A vigorous expansion of American capital into the Middle East, among other regions, had begun.

The United States first turned to Palestine. There had been a significant change in the relationship between the Zionist leaders and Britain by that time and this favoured a reorientation of the Zionist leaders toward the USA. For more than two decades, Britain had been stirring up ethnic strife in Palestine and had distracted the Arab national liberation movement from fighting against imperialism by its divide-and-rule policy. But the collaboration with the Zionists was beneficial for Britain only up to a point. Disturbances among Palestinian Arabs in 1936 through 1939, which reverberated throughout the Arab world, had shown that the policy of collaboration with Zionists, while strengthening the British positions in Palestine, undermined them in other Arab countries and ham-

pered establishing contacts with the ruling circles of oil-producing Arab states.

Even before World War II, Great Britain risked an about turn in its Palestinian policy; it restricted Jewish immigration to Palestine and the scope of land purchases by Zionist foundations. The war brought no changes to this policy. During the first post-war years British concentration camps in Cyprus were overcrowded with Jewish emigrants intercepted by the British navy on their way to Palestine from Western Europe. Under the circumstances, Zionist leaders decided to change their patron. The fact that the United States had incomparably more powerful financial leverage than Britain by the end of World War II was of primary importance.

In June 1946, Chaim Weizmann, the leader of the General Zionist Bloc, failed to be elected Chairman of the World Zionist Congress because he had insisted on maintaining a pro-British orientation while David Ben-Gurion and leaders of other influential groups in the Zionist movement demanded that they should lean toward the USA instead. The election of Weizmann to the office of the first President of Israel in 1948 did not change the situation as he was practically deprived of any real power and all the decisions were made by Premier Ben-Gurion.

The US oil monopolies, as Senator Edwin C. Johnson put it, needed a Jewish Palestine "as an anchor and bulwark in the Middle East". «06» Frank E. Manuel, an American analyst of the Palestinian problem, testified that US strategists also considered that the Middle East, Palestine included, would be useful as a base for aggression against the Soviet Union. "Palestine had a unique combination of strategic characteristics" for the purpose. «07»

But, besides Israel, there is also the Arab world rich in oil where Washington's principal interests are concentrated. It was to that region that John Foster Dulles as the US Secretary of State directed his

vigorous efforts to organise military alliances and to create other prerequisites for turning the Middle East into a sphere of American influence. And it was then that the marked contradictions between the designs of the US State Department for the Middle East and that region's realities became obvious.

US diplomacy began developing an apparently new approach to the Middle East after the war. The decision makers in US foreign policy had enough grounds in the early 1950s to conclude that the old colonial agents relied on by the "traditional" centres of Great Britain and France no longer met the tasks set for them: the Arab world's openly reactionary regimes such as the monarchies of Farouq in Egypt or Faisal in Iraq had done what they could and had to be replaced by more flexible, though no less pro-imperialist, political structures. Washington not only began looking for "new leaders" who could meet their specifications but even tried "to programme" them by creating the necessary conditions for their coming to power, for forming a sort of repressive base to establish the new regime and for creating a policy outwardly independent but in reality controlled by the USA. All this was to be ensured by subversive actions called "cryptodiplomacy" by Miles Copeland, an American intelligence agent, who described it in his book pretentiously entitled *The Game of Nations*, in which he stressed the necessity for Washington to have an Arab leader who would have more power in his hands than any Arab leader had ever had before, power to make "an unpopular decision". The "unpopular decision" clearly meant peace with Israel which would be primarily in Israel's interests and those of its imperialist masters. US leaders had a chance to verify this theory as early as 1949: their first military coup in the Middle East took place in Syria, led by Husni al-Zaim. The experiment was a complete fiasco—both for Zaim who was soon deposed and killed, and for the Americans, who had

programmed him for the role of an Arab leader. Miles Copeland admitted that the US leaders may have not drawn enough experience as they should have from the experiment with Zaim. «08»

The next attempt made by the CIA agents was on the Nile where they tried "to train" and use for their own designs the leaders of the Free Officers who had organised the July revolution of 1952.

The disastrous (for its organisers) outcome of that attempt is well-known; it inflicted a crushing blow upon US interests in the Middle East.

An agreement for the complete withdrawal of British troops from Egypt was signed in Cairo in October 1954. In June 1956, the British also left the Suez Canal zone. These events greatly consolidated the revolutionary regime in Egypt and enhanced the popularity of Gamal Abdel Nasser not only in Egypt itself but throughout the Arab world.

During the Anglo-Egyptian talks (where Americans, too, participated as observers) Nasser realised that regional controversies notwithstanding, the imperialist powers had common global interests.

When British Prime Minister Anthony Eden and US Secretary of State John Foster Dulles met with President Eisenhower on March 5, 1953, to discuss a system of "regional defence" in the Middle East, Copeland wrote, "the specific question at hand was Egypt: Nasser and his Revolutionary Command Council were more interested in defending themselves from the British than in defending themselves from the Soviets, and they didn't see the Middle East as being in danger of military attack anyhow". Copeland records that both the British and Americans were aware of Nasser being utterly disinterested in their goals. But Egypt's policy was "simply ignored", «09» he wrote. The Western powers thought that they had enough leverage to force Egypt into agreement. They were mistaken.

Egyptian leaders refused to participate in a system

of Middle East defence planned under the auspices of the Baghdad Pact alliance and directed not only against the USSR but also against the national liberation movement of the Arab peoples, including the movement in Egypt itself.

Secretary of State Dulles visited Cairo during his trip around the Middle East and South Asia in 1953. To warn the visitor about the inevitable failure of trying to push any idea of defensive alliances on the Arab world, particularly when Iraq was involved, Gamal Abdel Nasser told him that "the Government which submitted to their /US—Authors' note / pressure would be divorced from its popular support, and would be unable to lead the people... Besides, the military hases obtained under pressure would be of no use when they were needed."«10» Dulles left these warnings unheeded and in 5 years the royal regime in Iraq, which had compromised itself by siding with the imperialists, fell as a result of a popular revolution, and the Baghdad Pact ceased to exist.

In the spring of 1955, Israeli troops made an unprovoked attack on Khan Yunis in the Gaza Strip. This attack was a prelude to the Suez venture. It convinced the Egyptian leadership that the Egypt's defence capability needed improvement and that the army would have to be modernised by purchasing the latest arms. The question of where to buy the weapons immediately arose. The USA, Great Britain and France had pledged in their tripartite declaration, May 1950, to coordinate with each other the supply of arms to the Middle East in order to maintain monopoly in this field, to hinder the creation of powerful armed forces in the Arab countries and to use the issue of the arms supply as an instrument of pressure. Under the circumstances, Nasser asked the socialist countries for arms in May 1955. It should be remembered that this decision was taken by the Egyptian leaders at a very important stage in the country's history—on the eve of the first major encounter of the Egyptian

revolution with imperialism during the Suez aggression of Great Britain, France and Israel. In those difficult days for the young Republic, growing support from the Soviet Union, other socialist countries, the world workers' and communist movement and the national liberation movement fully manifested itself.

Having made this decision, Egypt was able to defend its independence.

In Egypt, the struggles for political and economic independence were closely connected. As is well known, Egypt had asked the USA, Great Britain and the International Bank for Reconstruction and Development (IBRD) for financial aid to build the Aswan High Dam. All agreed to provide such aid. The IBRD promised to give \$200 million, Great Britain \$70 million and the USA \$130 million. But on July 19, 1956, it was announced in Washington that the Egyptian Ambassador to the USA had a talk with John Foster Dulles. The State Department officially declared after the meeting that the offer of financial aid had been cancelled because Egypt allegedly "had so heavily mortgaged her future cotton crops in dealing with Communist states" that "the economic situation was now unfavourable to the success of the project".«11» Britain also immediately withdrew its offer. It was clear from the very beginning that this coordinated action of the imperialists was to give Egypt to understand that it was being punished for its "disobedience" in buying arms from other than Western sources.

Egypt's reaction was strong. Several days later, in his speech delivered at Alexandria on the occasion of the revolution's anniversary, President Nasser announced the nationalisation of the Suez Canal Company and proposed to use the revenue from the Canal to finance the Aswan Dam. The action of the Egyptian President was used by imperialism as a pretext to unleash a triple aggression by Britain,

France and Israel against Egypt. An almost complete breach between Cairo and the West followed and Egypt's productive cooperation with socialist countries began.

This cooperation helped to ensure economic independence, to raise the standard of living of the Egyptian people and to strengthen the defence capability of the Egyptian Army.

Progressive Egyptian economists believed that the creation of a modern national economy and its real development would lead to economic liberation and social progress for Egypt's working masses in the course of the country's inevitable struggle with world capitalism, neocolonialism and local reactionary forces. This was the goal the revolution of July 23, 1952 was trying to achieve.

During the post-revolutionary years Egypt has developed from a semi-colony with a backward agriculture into an agrarian-industrial country. Egypt achieved more between 1955 and 1965 than for the previous 60 years. This was a period of development and growth of the state-controlled sector and of activation of the rural cooperative sector. It should be added that the development of the Egyptian economy was very closely associated with cooperation between the Soviet Union and Egypt. It is this cooperation that served as a basis for Egypt's state sector, the backbone of the Egyptian economic structure, which, as further developments showed, enabled the country to ensure rapid industrialisation and to sustain war efforts under the hard conditions of the Israeli aggression, as well as helping increase the welfare of the population, the working people in the first place.

The state sector fully asserted itself with the results of the first five-year plan. In the 1964/65 fiscal year the gross national product increased 1.37 times compared with 1959/60; the number of persons employed in the national economy rose by 22 per

cent, in industry, by 48.7 per cent. The average annual growth of the national income was 6.5 per cent, which was considerably higher than in other developing countries.¹² Further steps toward socialist reforms in Egypt were thwarted by the aggression of Israel in 1967. Nevertheless, the state sector continued to perform its main functions even under those difficult conditions. The experience of Egypt's struggle for its political and economic independence has become a model for other national liberation revolutions in the Arab world.

On July 14, 1958, a revolution in Iraq overthrew the corrupt monarchy of King Faisal. In 1962, Algeria won independence after a long and bitter fight with French occupiers. The last French soldier left Tunisian territory in the summer of 1963. A republic was proclaimed on the Arabian Peninsula, the area that used to be a "quiet backwater" of imperialism, in 1962, after the Imam had been overthrown in Yemen. Yet another republican government in the south of the Peninsula appeared in Aden in late 1967. In 1969, there were two revolutions—in Sudan and Libya. Syria's progressive government strengthened. Such is the chronicle of revolutionary changes that took place in the Arab world over less than 20 years.

Washington and the capitals of some West European countries increasingly toyed with the idea of using Israel as a punitive force against disobeying Arab countries. Patrick Seale commented on imperialist plans worked out in 1965: "The growing importance of Persian Gulf oil for Western Europe lent weight to the military argument: no less than three-quarters of Europe's supplies came from this source. Its potential importance was even greater, in that it was then calculated that the Middle East contained two-thirds of the world's proven oil reserves. With the Iranian example /an attempt of Iran's Prime Minister Mossadeq to free the Iranian oil-extracting industry from domination of Western monopolies— *Authors' note* / in

mind, there was considerable apprehension at the possible disruptive effects of nationalist and Communist influence... So important was the economic interest in oil that there was a readiness to take political risks to defend it." «13» The USA has taken this risk—through Israel.

Western historians, when analysing the Middle East crisis, regard it mainly in one aspect—as a conflict between Zionism and Arab nationalism. They set aside or try to conceal the real nature of the alliance between Israel, world Zionism and imperialist interests, primarily those of the USA. In fact, there were powerful international forces directing Israeli policy. The Israeli aggression against Egypt, Syria and Jordan can be regarded as a classical example. The Western media tend to portray the Six Day War as a confrontation of a small Jewish David and a ferocious Arab Goliath, where the former allegedly was defending the moral and material values of the "free world" while the latter personified barbarism. Western observers of the Arab-Israeli conflict try to disguise the role played by world imperialism. "A logical starting point in understanding the circumstances and forces that today generate hostility between Arabs and Israelis is to identify that force most responsible for the start of this hostility; and then to examine its nature and its motivation. It is not difficult to identify such a force in the case of Arab-Israeli conflict. It is Zionism, World Zionism." «14» This is the opinion of John H. Davis, Commissioner-General of the United Nations Relief and Works Agency for Palestine Refugees in the Near East for 5 years. But it was, first, imperialism (and only later world Zionism and Israel) which was vitally interested in achieving two main targets: first, a blow to the Arab states which would weaken their armed forces as much as possible and, second, the seizure of new territories by Israel. The aggression was a unique opportunity for them to shatter the progressive governments in the very heart

of the Arab world and to halt the process of radicalisation in the Middle East or, at least, to weaken it.

President Nasser was aware that the confrontation with the aggressor would be long and hard fought and that it would require maximum efforts on the part of the targets of aggression. He felt that there could be no success without Arab unity.

Egypt settled its controversy with Saudi Arabia over Northern Yemen at the Arab summit meeting in Khartoum (Sudan), 1967. This made possible an agreement for oil-rich states to give continuous financial aid to the countries which had been attacked. The famous "three no's" were proclaimed in Khartoum, which determined the general Arab policy toward Israel for as long as it occupied Arab territories: "No to peace, no to negotiations, no to recognition". John Davis wrote in 1968: "...The war in June has not solved Israel's major problem; Israel's victory, instead of forcing the Arabs into submission, has apparently added to their bitterness. Instead of recognizing Israel as a sovereign state, agreeing to end belligerency and entering into direct peace talks, as Israel has demanded, the Arab States are insisting that she withdraw from all conquered territory as a pre-condition to peace talks... Israel's victory ... has not placed the Arabs in a position in which they must accept her terms." And further: "By fighting wars and winning them, Israel has been able to gain nothing towards peace on the terms she seeks. Rather, she has merely moved a hostile border from one place to another; but it is still hostile, possibly more hostile than before." «15»

In light of these statements, it is interesting to follow the policy pursued by the USA and Israel toward the Arab countries in general and toward Egypt in particular.

"To the leaders of all the nations of the Near East, I wish to say what three Presidents have said before—that the United States is firmly committed to the

support of the political independence and territorial integrity of all the nations of the area.

"The United States strongly opposes aggression by anyone in the area, in any form, overt or clandestine. This has been the policy of the United States led by four Presidents—President Truman, President Eisenhower, President Kennedy, and myself—as well as the policy of both of our political parties."«16» Fine but false words! They were spoken in 1967 by the then US President Lyndon Johnson soon after Israeli aggression against the Arabs.

Israel must have thought that peace on its terms with some, if not all of its neighbours was close at hand after the defeat of the Arab armies. The flashy phrase cast about by Zionists, "a bit of peace for a bit of land", was just a phrase. Tel Aviv did not consider giving up all the lands captured from the Arabs. This position was fully supported by the USA.

The USA and Israel were watching especially closely the events in Egypt where American and Zionist agents still operated. US diplomats encouraged local reactionary forces in the hope that they could undermine Egypt from inside.

The untimely death of President Nasser, followed by Anwar Sadat coming to power, moving away from the principles of the July revolution and betraying the interests of the Arab cause, provided a good opportunity for Washington to carry out its plans. Sadat's government, under which Nasser supporters were removed from key positions, proved to be the weak link that the United States and Israel had been looking for.

By unilateral abrogation of the Treaty on Friendship and Cooperation with the USSR and by breaking the contacts which helped to strengthen the country's defences, Sadat undermined the position his own country held in its confrontation with Israel. And this happened at the precise moment when the results of the October War of 1973 and the general balance of forces

in the region appeared to create prerequisites for a comprehensive Middle East settlement. The Camp David agreement was the logical follow-up to Sadat's betrayal of Arab national interests.

The speculations in the Western circles that Camp David would lead to a comprehensive settlement are wrong if only for the reason that this separate Egyptian-Israeli agreement is aimed, in fact, not at a lasting peace, but at consolidating the military strategic interests of the USA in the Middle East and securing the Israeli hold on the occupied Golan Heights, West Bank of the Jordan River, eastern part of Jerusalem and the Gaza Strip. The authors of this agreement tried to divide the Arabs and impose settlement terms on each Arab country neighbouring Israel favourable to the aggressor.

Having forced the Camp David accords, the Carter Administration broke the commitments made by the United States both to the UN and to the Soviet Union in the Soviet-American agreements. It should be remembered that on October 1, 1977, the USA and USSR made a joint statement calling for the fastest possible settlement of the Arab-Israeli conflict on a fair and firm basis within the framework of the Geneva Peace Conference and with the participation of all parties concerned. According to the statement, the Soviet Union and the US agreed that a comprehensive settlement should include all specific issues, particularly key ones such as the withdrawal of Israeli troops from the territories occupied in 1967, the Palestinian problem including conferring legal rights on the people of Palestine, the end to the state of war, and the establishment of normal relations based on recognition of the sovereignty, territorial integrity and political independence of each other.

One of the reasons why the United States backed away from that statement was the desire of the Carter Administration to remove the USSR from participation

in the Mideast settlement.

But, contrary to the expectations of US strategists, the Arab world at large rejected the separate Camp David agreement and condemned the Sadat government to total isolation and ostracism. The decisions of the Baghdad Conference attended by twenty Arab leaders and the Palestine Liberation Organisation were unambiguous in this respect.

The USA and Egypt also failed in their attempts to bring about a change in the Arab stand by a massive anti-Soviet campaign mounted around events in Afghanistan and Iran. The participants in the meetings of the National Front of Steadfastness and Counteraction (NFSC)¹ repeatedly stated that the United States, Israel and the Egyptian government were seeking to turn the Moslem peoples away from their struggle against the major threat of imperialism and Zionism, to shatter Arab and Moslem solidarity, to break the Camp David deadlock and to sow enmity between the Arab nation and its friends, particularly the Soviet Union and other socialist countries.

Washington had connected its long-range plans to change the balance of forces in the Near and Middle East, and in the Indian Ocean area with Iran. Under Shah Mohammed Reza Pahlavi, whom the CIA had restored to the throne in 1953 after overthrowing the Mossadeq government, Iran had been steadily turning into an anti-Soviet military bridgehead where an enormous stock of American arms was stored, not just for the needs of the Iranian Army but for later use by US expeditionary troops.

The fall of the Shah's regime, a natural ally of the USA, Sadat and Israel, caused great consternation in

the United States. Under the pretext of defending "US vital interests", the Pentagon is feverishly forming an interventionist Rapid Deployment Force, setting up new US military bases in Africa and the Middle East, and is trying to expand NATO's activities to include the Persian Gulf. Thus the USA wishes to increase its domination over oil sources and routes for its delivery in order to go on robbing the Middle East of its petroleum wealth. The US Administration has never limited itself to planning to use Egypt and Israel's armed forces as new policemen in the area, but openly declared the possibility of direct US military intervention in the Persian Gulf.

Washington proclaims that the capture of the Mideast oil wells by the Rapid Deployment Force is a probable and even possible way of "resolving" the current energy problems of the USA. The US Administration plans such action, flagrantly ignoring the interests of its allies—Western Europe and Japan—who depend upon Mideast oil supplies much more than the United States and who would be the first to be hit by the aftermath of American aggressive policy.

The adventurist "doctrines" of the new preachers of conducting "policy from a position of strength" endanger not only particular countries or groups of countries. They constitute a threat to the peace and security of all states and peoples. And to rebuff sinister plans is a task for all who need and treasure peace.

¹ The Front was set up following the separate action taken by Sadat, and to counteract its consequences, and it united Syria, Algeria, Libya, the People's Democratic Republic of Yemen, and the Palestine Liberation Organisation.

Chapter I

THE STRUGGLE FOR CONTROL OVER MIDEAST OIL

In the 1960s, the Middle East became the scene of fierce fighting for control over the area's oil wealth; imperialist powers were being confronted by the national liberation movement. In order to clearly understand the complexity of the task faced by the national liberation movement—to recover the legitimate right of the peoples to use their natural resources for the needs of their national economic development—it is necessary to examine more thoroughly the system of dominance over oil sources by Western oil monopolies.

The System of Western Control over the Oil Wealth in the Near and Middle East

The establishment of a petroleum supply system for the world capitalist economy that was to enrich Western oil concerns appears to date back to the time when, in 1880, the Rockefellers, who already ruled a vast oil empire in the USA, decided to devote their attention to the world trade of oil. This interest in overseas sources was expressed practically simultaneously by major West European companies, mainly British and French.

The acute competition that followed gave rise to a group of companies divided into "majors", large oil concerns which controlled the petroleum industry in the USA and elsewhere in the capitalist world at all stages of extraction, refining and sales, and "independents", those oil companies pushed outside the

framework of cartel agreements and thus placed into unfavourable conditions compared with their larger competitors in the business. Another criterion which differentiates the companies is the degree of their integration: at one end of the spectrum are the concerns which are engaged in all operations, including extraction and refinement of crude oil and sale of petroleum products to the consumer, and at the other end are companies that are engaged in only one or two operations. The United States, for example, has about 20 integrated companies. All, naturally, belong to the "majors" category, but the largest among them make up the so-called "top eight".

As we shall discuss the activities of these companies in one form or another later on, it would be helpful to study them in detail here. They are, first of all, Exxon Corp., previously known as Standard Oil of New Jersey and later as Humble Oil Co., selling its products under the trade name of Esso and then Exxon. Mobil has been called Standard Oil of New York (Socony), Socony Vacuum and Socony Mobil. These are followed by So Cal (Standard Oil of California), Standard Oil Company of Indiana, Texaco, Gulf, Shell and ARCO (Atlantic-Richfield Co.). In addition to the Eight, the majors include the Getty Oil Company, Phillips, Continental, Amerada Hess, Marathon and others.

The international oil industry recognises the same graduation. The list is topped by the famous Seven Sisters—members of the major international oil cartel where Exxon's subsidiaries are the leaders. "Among the American 'parent' companies," wrote the British researcher David H. Finnie, "no one would dispute the pre-eminent position of Standard Oil Company (New Jersey). Jersey is the largest of all American oil companies, and one of the giants of American industry. It conducts operations or has interests in almost every area of the free world. It is the leading American company in the Middle East in terms of

investment and the amount of Middle Eastern oil produced for the company's use."¹ It is known as Exxon in the association of the Seven Sisters. Other American club members include Mobil, So Cal, Texaco, and Gulf. The other Sisters are Royal Dutch Shell and British Petroleum Co.(BP).

The name of "independents" is applied in the capitalist world to a great number of large and small companies, including public oil enterprises in Western countries.

At an early stage of development, Middle East oil wealth was controlled by, as the American economist Helmut J. Frank put it, "a handful of giant firms, each highly integrated from well to gasoline pump, each with far-flung if not worldwide interests, linked through joint ventures, supply and marketing arrangements, and at one time through formal agreements including features highly restrictive of competition".² These firms were mainly European companies at first. As for the Americans, they came to the Middle East area only in the late 1920s when Exxon and Mobil bought an interest in the Iraq Petroleum Company. Later Gulf through Kuwait, So Cal and Texaco through Saudi Arabia and Bahrain got their piece of the oil pie. But their entry into the Middle East was not smooth; it was accompanied by acute competition from the British old-timers.

A conglomerate resulted in Saudi Arabia, consisting of four US-led companies—So Cal, Exxon, Texaco (30 per cent interest each) and Mobil (10 per cent). They jointly owned the Arabian American Oil Company, known as ARAMCO. So all Seven Sisters, who had dominated the world oil market until the mid-50s, had their share of the rich Arab concessions. "The 'seven majors' accounted for an estimated 90 per cent of crude production and refining. They owned a smaller portion of the tanker fleet, but total control through ownership and time charters also amounted to over 85 per cent. Concentration in marketing

varied somewhat more. In some countries as few as three suppliers sold 90 per cent of all petroleum; in others the number of large sellers might be as many as seven."³

These were the oil octopuses who gripped the Middle East in their tentacles. They had been attracted by incredible profits attainable in no other part of the globe; profits which were guaranteed for a long time to come. In 1949, the explored oil reserves in the capitalist world valued at 68.8 billion barrels. Of these reserves the Middle East potential accounted for 32.6 billion barrels or about half. Middle East reserves exceeded the 50-per cent mark in 1951 (51.3 billion out of 96.5 billion bbl); were close to two-thirds of the world reserves (97.5 billion out of 147.7 billion bbl) in 1954,⁴ and increased to 366.8 billion bbl or 50.1 billion tons by late 1971, i.e. 57.6 per cent of the world deposits (641.8 billion bbl).⁵ John M. Blair, a leading American authority on oil economics, states, "it was of course the fabulous profits arising from extraordinary low costs that induced the major oil companies to go to such lengths to control oil in the Middle East".⁶ The cost of extracting crude oil in this region was, in fact, very low. In 1947, it was estimated to be \$0.19 per barrel in Saudi Arabia and \$0.1 in Bahrain while the consumer at that time paid \$1.05 per barrel. Payments to the governments of Saudi Arabia and Bahrain were \$0.21 and \$0.15 per barrel, respectively. It is easy to calculate how much money went into the companies' pockets as net profit.

Of course, the oil concerns did not want such figures to be made public, though their executives sometimes confirmed in vague terms that Mideast oil production costs were low. The Organisation of Petroleum Exporting Countries (OPEC) reported that typical Middle East production costs were about \$0.25 per barrel while they were \$0.50 and even \$0.80 in Venezuela and \$1.45 to \$1.75 in the United States.⁷ In addition to produc-

ing net profit, some of this money was reinvested to develop systems of marine and overland oil transportation, to win new markets and, of course, to expand further into the areas that looked promising in terms of oil; in other words, to improve the integrated structures of the powerful oil concerns. The existence of these structures guarded the privileged position of the Seven Sisters from encroachment by independents, and forestalled any feeble attempts by Middle Eastern countries toward recovering their rights to exploit their own natural resources.

A system of prices for oil which only became a black gold after passing through the hands of major oil concerns, was essential if these concerns were to maintain their position of dominance in the economics of the developing oil-producing countries. Only crumbs from the lord's table were allowed to fall to the governments of oil-producing countries.

Market Pricing and Factors Affecting Its Dynamics

International oil prices were set according to a single reference-point system before World War I. The prices at which oil cargoes were to be sold at various marine ports were influenced by certain prices fixed at the oil-producing centres in the Gulf of Mexico area (f.o.b.). Freightage costs and insurance from the Gulf port to an unloading dock had to be added to obtain the final price (c.i.f.). This selling price covered all oil in a particular port, regardless of where it had been extracted. The result was that the f.o.b. prices for oil in any port outside the Gulf of Mexico differed from that in the Gulf of Mexico area by an amount depending on the geographical location of the source for that oil and of the port where it was sold.

When Texas was the largest oil-producing area in the

world, this approach to international oil prices could be justified. But after very rich oil deposits had been discovered in the Persian Gulf, a questionable situation arose where the customer was paying for oil coming from that region a non-existent "illusory" price of freightage from the Gulf of Mexico to the port of delivery, although the oil went in quite different directions—from the Persian Gulf westward or eastward from the Suez. This surcharge, known as the "oilfield differential" in the industry, was protested by both suppliers and buyers of Mideast oil since it was, in fact, a protectionist measure for US oil fields. A second reference-point price system was established after World War II for Persian Gulf oil, independent of the Gulf of Mexico prices. The next logical step would have been to cut prices for the Eastern Hemisphere since the costs of oil production there were much less than those in the Western Hemisphere. But ARAMCO insisted on its oil prices closely following those of the Gulf of Mexico. "To compound the inequity, prices in the United States were higher not merely because of inherent geological differences, but also because of restrictions deliberately designed to artificially raise the level of US prices," wrote J.M. Blair.⁸ British oil expert Paul Frankel wrote in this regard: "No one in another country has the right to interfere with the domestic economic policy of the US, but if the Americans wish to protect their industry they should do so at their own horder and not at sources, as it were, in other people's countries."⁹

The growing activity of independent oil companies, including state-controlled ones, in such West European countries as Italy and France and later West Germany was an important factor in the erosion of the price system created and protected by the international oil concerns. But the bulk of the independents was represented by American companies, small as well as large, which had been attracted by the greater

profits to be found overseas. In early 1958, 190 US companies were estimated to be engaged in active oil exploration outside the USA, while there were only 28 in 1945. In addition, Japanese, German and Italian companies had arrived in the Middle East. These companies lacked integrated systems, and they tried to resist the monopolistic structure of the world oil market. They sold their products to anyone who cared to buy at lower prices, sometimes considerably lower, than those established by the majors. Thus, an uncontrolled overproduction caused by the oil companies themselves resulted in a sharp drop in oil prices.

After World War I most Middle East oil sold for \$1.05 per barrel; in 1946 the price climbed to \$1.17-1.23, and in 1947 to a record level of \$2.22 per barrel. Afterwards prices tended to decline. There were increases at times but they did not cover the general decline. The price of Mideast oil stabilised by the late 40s at \$1.70 per barrel rising to \$2.08 only at the time of the Suez crisis. There were new cuts in February 1959 and in August 1960 to bring the base prices down to \$1.80 per barrel, but the real price of oil sold at the world markets was even less.¹⁰ The oil price monopoly of the major concerns, already weakened, finally collapsed as a result.

We shall discuss the struggle of the oil-producing countries for fair prices a little later. We shall now examine the disintegration of the concession system.

Verona Howarth, who has covered oil issues for 23 years in the *Petroleum Press Service*, an influential journal published in Great Britain, nostalgically recalls the good old times: "Concessions were enormous, covering whole countries or half-countries, with no nonsense about blocs or relinquishments. And they were concessions. The rate of drilling, the amount of money spent, the timing of development, the price at which oil was sold, were entirely the business of the

concessionnaire and no concern of the host government. The concessionnaire was out to find and export oil. The government merely pocketed the revenue.

"Fiscal terms were simple. A company paid royalty of 4 shillings gold per ton ... and on happy occasions such as the beginning of shipments the company might present the Ruler with a yacht."¹¹

This situation, naturally, could not be maintained for long. The very nature of the concession agreements stressed the inequity and, consequently, humiliating position of the host country which essentially lost its sovereignty over a part of its territory. The memorandum of the Iraqi government cited below could have been signed in general terms by any country of the Middle East:

"After World War I, Iraqi oil was coveted by the imperialists and became the object of fierce competition among the governments of the allied countries and the major oil companies. Subsequently, the companies came to an agreement among themselves for monopolizing Iraqi oil and exploiting it under the worst possible terms for the host country and at the least possible cost to themselves, without regard to the interests of the people of occupied Iraq... This injustice to Iraq was done at a time when the country was not an independent sovereign state, but under the direct control of the British mandatory power... The (IPC concession) agreement was based on a vague promise made to the Turkish Petroleum Company by the Ottoman Government before World War I. Had it not been for the direct British rule in Iraq at the time, no sovereign state should have recognized the validity of such a vague promise or granted the company an important concession without first inviting bids from other interested parties."¹²

The global policy of imperialist powers and the interests of large oil concerns, chiefly American, are closely connected. "Apprehension about the security of oil supplies is one of the basic instincts of West-

ern governments and a cardinal factor determining their policies in the Middle East," wrote British journalist David Hirst. "The British Government, for example, still regards the existence of a military base in Aden / *Oil and Public Opinion in the Middle East* was written by D. Hirst in 1966 when the base in Aden still existed—*Authors' note* / as the inevitable complement of British-administered oilfields in the Persian Gulf. The Aden base and others like it are a permanent reminder that if the worst came to the worst, the West would use physical force to ensure that Arab oil continues to flow to Western markets in conditions of reasonable security." «13»

Nevertheless, oil monopolies are portrayed in books by Western authors as purely commercial ventures where entire operations are dictated only by market demands, by seeking ways to increase efficiency of production and improvements in the marketing system of the end product. It is also alleged that oil monopolies avoid any involvement in "top politics". We have already seen how such assertions do not correspond to the facts. "...Most companies," David Finnie wrote, "cannot, even if they would, deny that their interests are closely linked with those of what has come to be called the 'free world'. The concern evident in official Britain at the Abadan crisis in 1951 / the nationalisation of Iranian oil by Prime Minister Mossadeq, including the Abadan refinery owned by the Anglo-Iranian Oil Company where the British government held a 56 per cent interest—*Authors' note* / was hardly such as to convince Iranians ... that the Anglo-Iranian Oil Company was a totally free agent. Only the American companies are owned entirely by nongovernmental investors." Finnie unequivocally states that "BP, whose interests have expanded over most of the world, comes close to being the official instrument of British governmental oil policy in the Middle East". «14» Indeed, the British government bought the controlling interest in the Anglo-Persian Oil

Company (later renamed Anglo-Iranian Oil Company and British Petroleum) in 1914 and, as a result, it appointed two representatives to the board of directors who had the power to veto any of the board's decisions.

As for the American companies, it would be useful to recall the circumstances surrounding their entry into the Middle East area, fully supported by the US government, and the direct assistance rendered by Washington to ARAMCO in Saudi Arabia. The company's representatives persuaded President Franklin Roosevelt that the oil produced in that country was essential for the USA. The meeting of the President with King Abdul Aziz ibn Saud aboard the US cruiser *Quincy* on the Great Bitter Lake in the middle of the Suez Canal initiated the so-called "special relationship" between the USA and Saudi Arabia.

There is convincing evidence that the USA and Great Britain closely collaborated, both through official channels and in operations belonging to the "cloak-and-dagger" category, to settle in a way acceptable to the oil monopolies an acute British-Iranian crisis, which was caused by the 1951 oil nationalisation. President Truman sent his special envoy, W. Averell Harriman, to Teheran to act as an intermediary between the Mossadeq government and Britain. The so-called "Stokes mission" sent from London rejected all of Iran's constructive proposals at the talks with Averell Harriman and Mossadeq: "Mr. Harriman gave his unflinching support to the Stokes program," records the Iranian historian Nasrollah S. Fatemi. Mossadeq's visit to the USA did not help either. The Prime Minister spent about three weeks there trying to induce Washington to help Iran. "The British, hoping that by economic and political pressure they could overthrow the Mossadeq government and put a more friendly government into power, warned the State Department against any aid to Iran." «15» The USA had its own role

to play in the overthrow of Mossadeq and the return of the Shah to the throne. CIA agents—General Norman Schwarzkopf, an expert on Oriental affairs, and Kermit Roosevelt, nephew of President Theodore Roosevelt—took part in the operation. The USA naturally demanded to be paid for its services.

As a result, when the powerful Iranian consortium was established to exploit the de-nationalised Iranian oil, a share was also given to US "independents" (!) under the common name of Iricon Agency Ltd. or simply Iricon. This group deserves a special consideration. The ruling circles of the USA began to realise that the public, especially in the Middle East, regarded the Seven Sisters as a tool of Western neocolonial policy. For this reason, it was agreed to accept a State Department official's proposal that "the U.S. government should promote the entry of new competition into the Middle East, particularly the competition of U.S. companies and particularly U.S. independent companies. U.S. oil policy objectives in the area can best be fulfilled by and with American companies and American personnel and American methods..."

"The control of Middle East resources by the major international companies is subject to serious criticism by both friendly and unfriendly states. The successful participation of independent U.S. companies is a requisite to elimination of that criticism." «16» Thus Iricon was established.

Scores of other examples of open or covert interference by the US Administration on behalf of US oil companies in Iran, Saudi Arabia, and later in Libya can be cited to prove that the profit-oriented large and small American firms act as agents of American interests in the Middle East and are regarded and supported as such by Washington officials.

From Crisis to Crisis

The power of the oil concerns which held world oil

trade in their iron fist seemed insurmountable until the early 60s. But signs of a future crisis made themselves felt even during the golden era of the Seven Sisters. Although the events of 1951 through 1953 concerning Iranian oil have already been mentioned they are worth describing in more detail as they were the first test of strength in the struggle between oil monopolies and oil-producing states. It is also important to note the conclusions drawn by both sides from the experience of Mossadeq and his followers.

In late 1947, the government of Iran invited the Anglo-Iranian Oil Company to negotiate the participation of Iranian experts in the company management and an increase in the government revenue from oil extracted by the company. It was suggested that Iran's state revenues generated by oil exports should be brought up to the level of similar revenues in Venezuela. This Latin American country which produced approximately twice as much oil as Iran received \$200 million in royalties and taxes while Iran received only \$32 million. Teheran felt that the royalties of \$1 per ton, calculated at the prices of 1933, were no longer applicable at a time when the average price of oil upon extraction had reached \$17 per ton (it was only \$5 per ton in 1933). After operating expenses the companies had net profits of \$15 per ton, i.e. three times as much as in 1933. Only 8 per cent of this immense revenue went to the Iranian treasury while, according to the 1933 agreement, it should have been 25 per cent, or \$4.5 per ton—approximately \$100 million a year. Along with other, less important demands Iran insisted that concessioned areas should be reduced because the British had not even begun to explore most of their vast territory (100 thousand sq kilometres).

The reasonable demands of the Iranian government aroused London's indignation. The British company refused from the start to discuss the profit-sharing system established in Venezuela. Moreover, British Foreign

Secretary Bevin told the Iranian Ambassador that the Anglo-Iranian Oil Company would not accept Iran as a partner with a voice in the company's administration. London also employed delay tactics, offering obviously unacceptable "concessions" to the Iranian side.

Since the company refused to compromise, the Majlis passed a law nationalising Iranian oil on April 29, 1951, which was signed by the Shah on May 2. The Majlis unanimously asked Mossadeq—an active supporter and the man who virtually wrote the nationalisation law—to head the government.

Although the British cabinet was compelled to recognise the nationalisation formally, it endeavoured to drag out the settlement of the issue during the talks that followed. It was playing for time and trying to bargain for unacceptable terms of compensation and regulations to govern new relationships between the Anglo-Iranian Oil Company and the newly founded National Oil Company of Iran, which represented the interests of the Iranian government. On September 10, Britain announced economic sanctions against the Iranian government and the company threatened to take legal action against anyone trying to buy Iranian oil. At the same time, Great Britain, in the best traditions of gunboat diplomacy, positioned its battleships near the shore of Iran and brought in additional infantry troops and planes from the Royal Air Force into Basra (Iraq) just a few miles from Abadan where a nationalised Iranian oil refinery, the largest in the Middle East, was located. The company had previously removed its personnel from the refinery and oil fields. Further steps taken by the British may be regarded as blackmail if nothing else. After the International Court refused to hear the British complaint, London sent a new "proposal" to the Iranian government. "This proposal implied," wrote N.S. Fatemi, "that compensation would not be limited to the assessment of the value of the physical properties nationalized but would also take into consideration loss of potential

profits which the company would have earned if the industry had not been nationalized and the company had continued its exploitation until 1993" (the date for termination of the concession under the 1933 agreement). N.S. Fatemi describes this demand as "unheard of in international law".¹⁷ After many exchanges of diplomatic notes and memoranda and unsuccessful attempts to get the Americans to mediate, Iran broke off diplomatic relations with Britain on October 18, 1952.

Afterwards, events rushed forward. A report by the US Senate Subcommittee on Multinational Corporations within the Foreign Relations Committee stated matter-of-factly: "When the Parliament refused to grant Mossadeq's demand that it extend for one year his right to govern by decree, a wave of demonstrations swept the country. Mossadeq directly challenged the Shah, ordered a plebiscite to dissolve Parliament and won more than 99 per cent of the votes cast and counted. In a swiftly moving series of events, the Shah attempted to oust Mossadeq by decree, failed, and fled the country as Mossadeq's supporters demonstrated in the streets smashing the statues of the Shah and his father. The military moved in, and in bloody street fighting deposed Mossadeq and restored the Shah to his throne, a move which was assisted clandestinely by the U.S. Central Intelligence Agency."¹⁸

Kermit Roosevelt, former chief of the Teheran-based CIA Middle Eastern Bureau, says in his memoirs that operation Ajax was planned for the overthrow of Mossadeq and was to be directed by himself. The operation was approved by Secretary of State John Foster Dulles with Dwight Eisenhower's consent. The purpose of that subversive action was, after getting Britain out of the way, to turn Iran into a source of oil for the USA, a citadel of US imperialism in the Near and Middle East, and into a military bridgehead against the Soviet Union.

The events of the early 1950s dealt a palpable blow

to the oil monopolies. They also left a mark on the oil-producing countries, which encountered for perhaps the first time such an alliance between oil concerns and imperialist governments.

Western oil monopolies also drew their own conclusions, the major one being that they should rally together whatever the cost at a time of crisis such as the one in Iran. J.M. Blair wrote in this regard that "the reaction to nationalization by the major oil companies took the form of a collective boycott on Iranian oil. Prospective buyers were warned of legal action on the grounds that without a compensation agreement the oil was still the property of Anglo-Iranian. Of course, the more effective the boycott, the less the ability of the Iranians to pay compensation and thus the brighter the prospect for ultimate capitulation."

Blair cites the words of Z. Mikdashi, an Arab economist, who said that "the embargo ... was very effective due to the cooperation of the eight major oil companies. This embargo had, as intended, a punitive effect on Persia's economy." The "effectiveness" of the conspiracy and joint actions of the oil concerns is best illustrated by figures of Iranian exports in terms of cost. Oil exports dropped from over \$400 million in 1950 to less than \$2 million in the two-year period from July 1951 to August 1953.¹⁹

Nevertheless, the struggle of the Iranian people to assert their rights to their own national wealth brought positive results both for Iran and for other oil-producing countries. The principle of unrestrained imperialist robbery in various regions producing raw materials was outliving itself: for the West, it was fraught with the danger of a recurrence of Iranian events in other countries seemingly "safe" for the time being. In short, "in a sense the current government relations policies of all Middle Eastern oil companies /Western ones, operating in the Middle East—*Authors' note* / must be viewed against this background in Iran, for all the companies are acutely

aware of what happened to AIOC, and have partly shaped their own policies as a result," wrote D. Finnie in 1958.²⁰

We should like to stress the word "partly" since the oil concerns made concessions not of their own free will but under persistent pressure from the peoples and governments of oil-producing countries. David Hirst states that "there is a current thought in the Middle East which holds that normal, amicable dealings with the companies serve no useful purpose. How can they, it is asked, if the companies are congenitally incapable of showing good will and a proper appreciation of the host countries' rights? Negotiations never succeed. Or—to cite a milder version of the same view—if the companies do learn to adapt themselves to changed circumstances, they usually do it the hard way, their most salutary lesson to date, says one critic, was the nationalization of the Anglo-Iranian Oil Company in 1951."²¹

As for the oil-producing countries, they have also drawn certain conclusions from the events in Iran. "Host governments," said Verona Howarth, "perceived from the Persian debacle that it was not enough to sit back and take the money; it was necessary to gain knowledge of the industry, and in case of confrontation to stick together. Gradually they have taken steps to put these conclusions into practice."²²

The main obstacle hindering the success of the struggle for the right of oil-producing countries to dispose of their resources at their will was the above-mentioned integrated structure of the world oil concerns. Oil-rich countries could oppose this power only if they had enormous amounts of money to finance industrialisation, create petroleum refining and petrochemical industries of their own, build a tanker fleet and, finally, find markets.

This was a huge problem and it has not been completely solved to this day. Nevertheless, solving this problem became a priority for the oil-producing coun-

tries and it is precisely in this context that the struggle of these countries to increase revenues from oil should be viewed, be it by raising base prices or by forcing monopolies to pay higher revenues to the host country.

The second major crisis in the Mideast oil industry broke out in neighbouring Iraq, ten years after the Iranian events. It developed under different conditions that predetermined success for that country in its confrontation with the major oil concern, the Iraq Petroleum Company (IPC), owned jointly by British Petroleum, Shell and Compagnie Francaise Pétrole, each having a 23.75 per cent interest, Exxon and Mobil, each with 11.85 per cent of the shares, and by C.S. Gulbenkian, a shrewd businessman nicknamed "Mister Five Percent" in the oil industry for his share in the concern.

An organisation had emerged by that time to protect the interests of oil-producing countries—OPEC. Though still in the making in the 60s, this organisation had already made oil monopolies take it into account. In addition, it should be noted that the crisis took place at a time of international oil "overproduction". This had led to the lowering of base prices by Western oil monopolies, which did not consult the governments in whose countries they operated. Such unilateral actions dramatically exposed the antagonistic nature of relations between the two sides.

Iraq was chosen as a scapegoat for a number of reasons. The flow of oil to the world market was growing as the rate of exploitation of very rich oil fields in neighbouring countries (Iran, Kuwait and Saudi Arabia) increased. This threatened to bring oil prices down. The danger was avoided by artificially reducing oil production in Iraq. From the very beginning of its operations in Iraq, IPC "not only suppressed production ... but went to considerable lengths to conceal that fact from the Iraqi government",²³ J.M. Blair noted. In the 1930s and 1940s IPC had a well established reputation as a company who, as oilmen used to say, was "sitting" on its concessions doing

very little to prospect for oil and if finding any selfishly plugging the wells.

US Senator Edmund Muskie testified to that effect at the hearings of the Senate Subcommittee on Multinational Corporations in his report which was made public only in 1974, though the information for it had been gathered in 1967: "In 1966 a study was made of the geological, geographical and other petroleum exploration data of the areas of Iraq relinquished by IPC, Iraq Petroleum Co. /It would be more correct to say that IPC was made to relinquish them—*Authors' note* / ... The study indicated that the untapped reservoirs of oil in Iraq appear to be fantastic.

"There is every evidence that millions of barrels of oil will be found in the new concessions. Some of these new vast oil reservoirs had been discovered previously by IPC but they were not exploited because of the distance to available transportation, the heavy expense of building new pipelines and the fact that IPC has had a surplus of oil in its fields that are already served by existing pipelines.

"The files yielded proof that IPC had drilled and found wildcat wells that would have produced 50,000 barrels of oil per day. The firm plugged these wells and did not classify them at all because the availability of such information would have made the company's bargaining position with Iraq more troublesome. Many of these areas had been returned to the Government in settlement of the petroleum concession conflict between the Government and IPC."²⁴

The revolutionary regime in Iraq intended to stop such practices and force other important concessions out of IPC which would help to gain independence of its national economy.

When, after long negotiations, the company refused to satisfy the reasonable demands of the Iraqi leaders to grant the government a 20 per cent interest in the IPC capital and to revise the notorious fifty-fifty system of profit-sharing, drastic measures were taken. A

government decree known as Law No.80 deprived IPC of 99.5 per cent of all its concessioned territories—those where it did not extract oil and did not prospect, i.e. where it was “sitting”. In addition, the company was obliged to hand over, free of charge, all the documents on oil exploration in the appropriated concessions. Specifically, Iraq acquired a very rich oil field in Northern Rumayla which had already proven reserves.

Significantly, even Western circles were unable to refute the legality of this step. Andreas Lowenfeld, US State Department counsel, wrote: “Under Law No.80, IPC’s property as such has not been taken, and in fact IPC’s operations have continued substantially unimpeded. What IPC has been deprived of is mineral rights granted in a number of concessions awarded by the government of Iraq. Thus it may be argued that IPC’s claim is at most a claim for breach of contract and not a claim arising out of expropriation of property.”

Lowenfeld’s statement specifically stresses that oil was not being extracted in any of the concessioned areas taken. The document was concluded with this significant phrase: “We have no firm legal basis for telling independent American companies—let alone foreign companies—to stay out of Iraq.”²⁵

The State Department did not heed the logic of its counsel. At issue were broader interests of American imperialism and the solidarity of the USA and Great Britain in their struggle to perpetuate the influence of Western oil concerns in the Middle East. The US, therefore, began looking for loopholes to bring pressure to bear on the Iraqi government and attempted to create conditions that would force Iraq to alter its position. American independents were briefed along these lines and told to stay out of Iraq. In May 1964, Averell Harriman and other US State Department officials met with an executive of a large independent, Sinclair Oil Co., that had no concessions in the Middle East, but wanted to obtain them. US foreign policy officials

had a similar talk with another independent company which had no Middle Eastern concessions, Standard Oil of Indiana.

Meanwhile, dissent was fermenting inside IPC itself. In the summer of 1967, Iraq passed a new Law No.97 which specifically prohibited giving any explored oil reserves back to IPC for exploitation. The right to develop them was granted to the state-controlled Iraq National Oil Company (INOC), which for the most part had exclusive rights. Soon afterwards a small French company, ERAP, was awarded a concession for the territory taken from IPC. Then something remarkable occurred: Compagnie Francaise Petrole, a member of IPC, offered its services to develop the rich oil fields of Northern Rumayla in partnership with the state-controlled INOC. The other owners of IPC were outraged: the fact that the territories “owned” by them were being exploited by outsiders was intolerable enough and they regarded the action taken by their IPC partner as simply nothing less than betrayal.

In October 1967, Exxon and Mobil met with Under Secretary of State Nicholas Katzenbach to demand that the State Department should remonstrate with the French government about the recent action of Compagnie Francaise Petrole and ERAP which had damaged the interests of the Iraq Petroleum Company. The companies’ representatives said they were convinced that Compagnie Francaise Petrole had given in to pressure from the French government, which had threatened to assist ERAP in its dealings with Iraq if Compagnie Francaise Petrole would not agree. A diplomatic note to the French government was prepared and signed by US Secretary of State Dean Rusk as a result of the meeting. The note pointed to the danger of making precedents, which could endanger the security of Western oil rights and, as a result, undesirably affect the national interests of both France and the United States.

As may be seen from further developments, the

French government rejected the American claims and took full advantage of the opportunity which arose as a result of the historically established system of global oil sales in which the markets in Western Europe were held by US oil monopolies. When Mostini, President of Mobil's subsidiary operating in France, met with French Foreign Minister Giraud to discuss a letter from Exxon and Mobil protesting the action of Compagnie Francaise Petrole, the Minister immediately drew attention to the threat of the two American majors to sue their French partner in IPC. "...If Mobil and Esso really contemplate legal action," Minister Giraud told him, "the French government would consider this a declaration of hostilities and take appropriate action against the /American—Authors' note / companies in France." Giraud stated frankly: "This is a threat." Mostini reported to the US State Department that the appropriate French authorities had unlimited opportunities to legally prosecute the subsidiaries of of American oil concerns in France and to make their life difficult. «26»

The squabble was halted by the Iraqi revolutionary regime which took steps to nationalise its oil wealth completely. The state-controlled INOC was ordered to begin exploiting all the oil fields in the concessions taken away from IPC, including rich deposits of oil in Kirkuk. In 1972, all of IPC's property was nationalised.

Without discussing in detail Soviet-Iraqi relations at that period, we can simply state that the establishment and favourable development of friendly ties between Iraq and the USSR was an important factor in the victory of Iraq and the defeat of IPC. The Iraqis were aided by supplies of materiel and equipment to exploit their oil fields themselves, by training Iraqi oil experts in the USSR and by field development work at Northern Rumayla done by Soviet engineers. Assisted by the Soviet Union, Iraq has laid a firm foundation for its oil industry. A Treaty on Friendship and Cooperation concluded in 1972 by the two countries

protects Iraq from possible encroachments of imperialist states upon its independence and sovereignty.

Iraq's example has shown other oil-producing states how to emerge victorious in the struggle for their rights, and has created the very precedent which US Secretary of State Dean Rusk was so afraid of.

Guided by Unity

Early on oil-producing countries were generally struggling to achieve an increase in oil revenue payments from Western oil monopolies. The poorly developed structure of these countries' economies called for large investments which would boost production and employment, help to diversify industry and improve agriculture. At issue were base oil prices, the primary basis for calculating the royalties to be paid to the governments.

But, in addition to the sharp controversy between oil producers and Western monopolies concerning the establishment of base prices that would be fair to the exporting countries, there were also many potential contradictions between the parties, primarily, the concessionary system that had prevailed in the overseas oil industry for about half a century. Whatever the forms of concessionary agreements, essentially they all defined relations between a state or a state authority as the owner of natural resources, and the person, company or group of companies as the investor and developer of these resources.

The system of concessions dates back to 1890 when the Dutch company Bataafsche was granted the right to exploit oil deposits on the island of Sumatra in Indonesia. This concession may be considered typical in all respects since it was imposed by a Dutch company on a country under Dutch colonial rule; the inequality of the agreement was thus predetermined. The incompetence of concessionary terms resulted from the host

government being either unaware of all the political and economic implications of its action or the country being unable to defend its national rights for political reasons. D.H. Finnie points out the common conviction in Mideast countries that "a concessionary system is basically incompatible with sovereignty". "The concession," he writes, "often creates a monopoly in favour of the foreign enterprise. It tends to put a part of the economy of the country under the influence of economic elements outside the government's control." «27»

An important factor of concessionary agreements was their inviolability. The only way to resolve controversies was international arbitration, which generally ruled that the agreement could not be altered during the entire term of its validity. And the terms were generally very long. For example, it was stipulated that the right of the Qatar Petroleum Company to concessions in Qatar would expire only in 2010, of ARAMCO in Saudi Arabia, in 1999, BAPCO (Bahrain Petroleum Company), in 1995, and of the Kuwait Oil Company, in 2026. Moreover, the concessioned areas covered vast territories, often whole countries. Thus the companies managed to exclude any outsiders who could infringe on their interests and to retain the privileges to exploit (or not to exploit but to "sit" as could be seen from the example of the Iraq Petroleum Company) oil fields themselves and for a considerably long time. Experience has shown that in the course of the Mideast countries' struggle to revise concessionary agreements, the oil companies only conceded when they felt that radical changes were inevitable.

The 50s brought the fifty-fifty profit sharing that became universally adopted, then the "seventy five to twenty five" in favour of the state came to be used in some places, and the state began to participate jointly with companies in developing oil wealth. This would have been unthinkable under the old concessionary system. Of considerable importance were: a revision

of the system of royalties, an increase in the participation of the state in the oil industry management and, finally, agreements with the companies that would grant them the status of simple contractors in the service of the state. There was still a hard road to go in order to fulfil this extensive programme and the oil-producing countries were aware of the difficulties they faced. A tool was needed to ensure the necessary inter-governmental cooperation of the countries whose main income came from oil. The Organisation of Petroleum Exporting Countries (OPEC) was to be such a tool.

Iraq and Saudi Arabia among the Arab countries, as well as Iran, have taken the lead in setting up a universal organisation to unite oil producers against the oil companies. OPEC became a reality in September 1960. It presented to Western oil concerns a united power which provided up to 90 per cent of the oil exports in the capitalist world. Today OPEC includes 13 countries: 6 countries from the Middle East (Saudi Arabia, Iran, Iraq, Kuwait, the United Arab Emirates and Qatar), 4 from Africa (Libya, Nigeria, Algeria and Gabon), and Venezuela, Ecuador, and Indonesia.

The oil companies, as well as the oil press of Western countries responded to the new organisation with a grain of salt. This approach was prompted by the broad political spectrum found in the oil-producing countries and the different methods of settling oil disputes due to the regional peculiarities of the three major regions of oil production. All agreed that the newly created organisation would soon disintegrate, torn apart by inner conflicts. This has not happened. "The Organisation of Petroleum Exporting Countries (OPEC)," wrote D. Hirst as early as 1966, "is now the most important agent of change in the relationship between the oil companies and the producing countries of the Middle East. In the opinion of some observers, OPEC's role may evolve still further in the context of an overall producer-consumer relationship." «28» This prediction came true

a little later. At the first stage of its existence, however, the organisation withstood the trial of time and managed to get important concessions from the oil monopolies. Success was ensured by something quite new in world oil trade, namely, a collective approach by the oil-producing countries in their relationships with foreign companies. Before, an oil-producing government was alone in facing a united front of companies which operated in the particular country, now, each country defended the joint interest of all members after coordinating their stands with OPEC.

There is no reason to believe that OPEC by its very existence has solved all the problems of the oil-producing countries or has forced Western oil monopolies to meet the former's demands. Suffice it to say that OPEC's requests that the base prices be adjusted, deductions from the revenues of the oil-producing countries eliminated have not been satisfied for a very long time. However, the attack on these privileges of Western countries, begun as early as 1960 and continuing to this day, does not promise a rosy future for the Seven Sisters.

It is interesting to note that in 1972 alone the Arab countries received almost as much oil money as during the entire decade from 1952 and 1961. The revenues of the Arab countries have risen approximately 4.5 times from 1952 through 1972. Three factors have contributed: specific OPEC victories in its struggle with oil companies for revision of financial arrangements, including oil prices settlements, adjustment of royalties and elimination of various unlawful payments to the companies; a general steady growth of oil production in the region, and the emergence of new oil producers, such as Libya, Algeria, and the emirate of Abu Dhabi.

Oil production in the Middle East was jumping at a rate of about 10 per cent annually in the 60s. It is a well-known fact that the cartel of Seven Sisters

had a policy of quotas for crude oil and oil product supplies worldwide, especially in the Middle East, in order to avoid overproduction. It reduced oil production in certain countries while increasing it in others. The international oil companies planned and financed worldwide the creation of additional capacities, unused for the time being, in order to strengthen their positions during conflicts with individual oil-producing countries and not be taken unaware by unforeseen circumstances or emergencies, such as expected or even unexpected leaps in demand for various reasons, stoppage of oil supply from one country or area because of circumstances beyond their control, or blockade of traditional oil routes.

From the beginning, OPEC intended to put an end to such practices which so closely resembled an open diktat. At their first meeting in 1960 in Baghdad, the OPEC members agreed to study and devise a system that would ensure stable prices by way of regulating production in addition to other means, with due regard for the interests of the countries producing oil and consuming oil. The need to ensure stable revenues for producing countries, provide efficient and uninterrupted supplies of oil to consuming countries and a fair profit from the turnover of capital for those who invest in the oil industry were also studied. In July 1965, the 11th Conference of OPEC in Tripoli adopted as a transitional measure its first plan concerning oil production. The plan called for a reasonable increase in oil production by OPEC countries in order to meet the growing world demand. The OPEC oil production plan and programme were designed primarily to prevent erosion of the price for crude oil and its derivatives by prohibiting the use, in competition struggle, of additional production capacities at the disposal of the oil companies.

On the one hand, OPEC feared that the additional capacities could be used by the companies to lower prices and win new markets to the detriment of tradi-

tional petroleum suppliers. Such cases were common in the oil industry. On the other hand, the threat to use the reserve production capacities at the disposal of oil monopolies was especially real in the event of a sharp controversy between the companies and any oil-producing country. The companies could then dramatically reduce oil production in that country, with oil revenues to the country's treasury dwindling accordingly, and compensate for the drop by increasing production from reserve sources. By introducing a joint programme of production OPEC hoped to take the sting out of the dangerous instrument of pressure in the hands of Western monopolies which enabled them to put one country against another.

Thus OPEC showed itself to be ready to protect the interests of oil producers opposing the diktat of Western oil monopolies. It has become, as the Western press puts it, a "cartel" which came into being in order to eliminate the monopoly of the Seven Sisters in the world oil industry.

Chapter II

CERTAIN ASPECTS OF THE ENERGY CRISIS

Political and economic writers in the West tend to attribute the post-1973 troubles of the "free world" economy to the sharp increase in oil prices. Indeed, this measure could not help but affect the balance of payments in Western industrial countries. It led to a rise in prices of industrial products and to rampant inflation in addition to an increase in prices of fuel and energy materials. The roots of the crisis situation, however, should be sought in the flaws of the economic system of imperialism as a whole, in the unrestrained growth of energy consumption, of cheap oil especially, and in the long-range American programme of intensive development and exploitation of oil reserves in other countries.

The Arab embargo on oil supplies to industrial countries of the West, including the United States, was accompanied by a "price explosion" of oil and was a new feature in the relationship between suppliers and consumers of petroleum. The West had experienced stoppages and difficulties in the oil supply from the Near East and Middle East before, but never had its economy been so radically affected. Why is it then that the capitalist economy became so vulnerable in the early 70s? Let us recall that at the time of the first Suez crisis, Egypt nationalised the Suez Canal and on October 31, 1956, this water route, which used to carry two-thirds of the oil consumed by Europe, was closed. J.M. Blair points out that, nonetheless,

there was no shortage of oil in Europe because it had received "slightly more than 90 per cent of the supplies prior to the stoppage".«01» And additional supplies came due to an increase of production in other areas, from strategic reserves and as a result of other measures. A steep price hike was prevented.

The war of 1967 made the Canal inoperable for 8 years. According to *The Petroleum Economist*, an authoritative journal about the oil industry, the USA managed to help the so-called "free world" "with a dramatic increase in domestic production; this made over 1 million barrels a day available to Western Europe, by exports and the diversion of supplies previously intended for the U.S.A.". The journal noted that the USA had great opportunities to oppose the reduction of the Arab oil supplies. "Although it would have taken several months of field development work to bring into production the U.S.A.'s total surplus capacity of some 2.5 million b/d America could have made up for most of the deficiency had a similar 25 per cent reduction in Arab oil supplies occurred in 1967."«2»

But the unused capacities that had enabled the USA to resist interruptions in oil supply from other areas of the world had ceased to exist by 1973. The United States, the largest oil producer in the Western world, has gradually become more dependent on foreign sources for this energy material. "The 'energy crisis' is thus the logical consequence of the limited and declining size of U.S. reserves," wrote J.M. Blair, "and the resultant vulnerability of oil consumers everywhere to those controlling foreign oil consisting of above a dozen members of the Organization of Petroleum Exporting Countries (OPEC) and a small group of giant international oil companies (known as the 'seven sisters')."«03»

The belief that the United States had all the oil it would need for the foreseeable future has not withstood the test of time. Many scientists in the USA

warned against the coming energy crisis but the warnings made by academic journals and various US congressional committees were either ignored or soon forgotten. "Warnings of an impending shortage were highly inconvenient to a government embarked on a program designed to enlarge the oil producers' profits /in the USA—Authors' note / by excluding what were then low-cost foreign imports."«04» While the proved oil reserves in the USA had grown by about 1 billion barrels a year after World War II a decline began in 1961. The discovery of deposits in Alaska brightened the outlook somewhat: proven reserves increased by 9.6 billion barrels in 1970. But expectations proved to be too high. "Some rather wildly extravagant statements have been made about it," said the American economist M.A. Adelman, "such as the center of gravity of the world oil trade shifting to the Arctic zones. I do think we need to keep a sense of proportion in these matters. The 5 to 10 billion barrels reserves expected to be developed over the next few years, large as they are, are only a small fraction of the new gross additions to reserves made every year in the Middle East and North Africa."«05»

Moreover, severe climate, problems of constructing a trunk pipeline thousands of miles long and economic considerations which allow Alaska oil to supply the needs of only the US Western Coast but not those of the country's Middle West and the Eastern Coast prevent Alaskan oil from "fitting" the general pattern of supply for the United States. If the amount of oil produced exceeds that of oil newly found, rising demand can be met only by increasing imports or using reserves. US oil community is especially concerned with the growth rate of newly discovered proven reserves lagging far behind previous levels. In 1973, the forecasted level of 2.6 billion barrels in explored reserves was not attained by more than 10 per cent. 1974 presented an even more pessimistic picture. "The

United States appears to be running out of oil at an even more rapid rate than had been predicted in 1968," «06» J.M. Blair noted. According to the American economist M. King Huhbert, "a child born in the 1930s, if he lives a normal life expectancy, will see the United States consume most of its oil during his lifetime". «07»

In contrast to the USA, where oil production is declining and proven reserves and the prospects for recoverable reserves are not good, the global oil picture looks much better. Where production is curtailed it is a forced measure; proven reserves are steadily growing. In the Middle East, for example, proven oil reserves have increased by 100 billion barrels over a short period of time, from 1967 through 1971. In other words, "its reserves in known reservoirs considered to be recoverable under existing economic and operating conditions increased by more than twice the total existing proved reserves of North America". «08»

It can be argued that the total steady growth of proven oil reserves worldwide (excluding socialist countries) may be chiefly attributed to the Middle East. Proven oil reserves increased sevenfold there and their percentage in the world varied between 51.5 and 60.9 per cent for the two decades prior to the world energy crisis. US reserves have dropped from 30 to only 8.6 per cent of the world level in the same period. These two opposite trends have, obviously, determined the growing dependence of the United States upon supplies from the Middle East.

Until 1968, however, the USA was ahead of the Middle East, as well as of other oil-producing regions, in production. In 1971, the Middle East accounted for 34.2 per cent of the total oil production in the capitalist world and the USA had moved down to the second place with 23.3 per cent. Middle East oil production was growing steadily but slowly until the mid-60s, when the rate suddenly jumped from 3,051 million bbl

in 1965 to 6,036 million bbl in 1971, to nearly 8 billion bbl in 1974. Although the above figures speak for themselves, it should be emphasised that, in the opinion of many leading oil experts, the reserves of the Middle East and, particularly, the Arabian Peninsula are grossly underestimated for a number of reasons.

Stormy Petrels over a Sea of Oil

For the foreseeable future, control over the supply of oil for consuming countries in the West will be held by the Middle East and North Africa, especially by such mammoths of oil production as Saudi Arabia, Iran, Kuwait, Iraq, and Libya. Of the 13,700 thousand bbl a day imported by Western Europe in 1974, 9,480 thousand bbl or 69 per cent came from the Middle East, delivered chiefly by supertankers sailing around the Cape of Good Hope in Africa. The rest of Europe's needs were met mainly by the African countries of Libya, Nigeria, and Algeria (26 per cent of the imports). The Middle East is of even greater importance for the most industrialised Asian country, Japan. Japan's oil came chiefly from the Persian Gulf area (3,711 thousand bbl daily or 77 per cent of total oil imports). As for the United States, the share of the Middle East in its oil imports was 29 per cent, with only Canada and Venezuela exceeding this figure. But the importance of Mideast oil supplies in meeting US energy needs is steadily growing and the delivery of oil from the countries of the Western Hemisphere is declining at the same steady rate.

And it is this Middle East region, so important for the West in economic and political respects, that has been especially shaken by storms of military conflicts and revolutionary upheavals in the late 1960s. 1967 saw the Israeli aggression against Egypt, Syria and Jordan, which was regarded by its instigators as a counter-

flow to progressive governments and the national liberation movement of the Arab peoples. For world oil trade it was a "second Suez crisis" that resulted in the closure of the Suez Canal and the rerouting of oil supplies from the countries of the Arabian Peninsula around Africa. The importance of oil suppliers from the Southern Mediterranean (Algeria and Libya) and from the African continent (Nigeria) has grown immensely, particularly for Western Europe.

The aggravation of the Middle East crisis coincided with the virtual collapse of dominance by the Seven Sisters. By the mid-1960s, competitors beyond the control system set up by that oil cartel helped to further undermine the price structure which had before been so stable. Oil began to flow to the world markets increasingly bypassing the established control system. Small and medium oil companies fought for sales, offering their commodity below the base prices. The world oil industry was freeing itself slowly but steadily from the grip of monopolies. It was a real opportunity for the oil-producing countries united by OPEC to start their struggle to raise oil prices, which were unreasonably low, considering the growing demand in Western countries. Libya was a pioneer in this process.

Libyan oil production was characterised by two important factors: a markedly rapid (until 1970) growth and a large percentage of foreign independent companies in the country's oil industry. Oil production had increased in Libya almost twenty times in less than 10 years, from 182 thousand bbl a day in 1962, to 3,318 thousand bbl daily in 1970 when Libya moved up to fourth place among the OPEC members only trailing such giants as Saudi Arabia, Iran and Venezuela.^{«09»} There were two main reasons for this massive growth: a very low sulphur content in its crude oil which made the Libyan product especially attractive for consumers in Western Europe, and the country's proximity to European markets. New independents such as Elverath

and Wintersall from West Germany and the US Amerada, Banker Hunt and Marathon began to operate in Libya. The "Libyan lucky boy"—Occidental Petroleum of the USA—stands apart. Previously lacking any large oil sources, this company discovered a veritable sea of oil under the sands of the Libyan Desert in 1967, a major oil field named Intisar (Victory). Thus, the Libyan government's reliance on independents proved to be quite correct.

The increasing oil production in Libya by independent companies and the flow of cheap oil to the Western markets caused near panic among the majors. They had to compete with the independents in selling oil at low prices, which in itself eliminated the mechanism of control of the world markets which the majors had created with such care.

A bloodless revolution in Libya overthrew the corrupt regime of King Idris on September 1, 1969. The Revolutionary Command Council headed by Colonel Muammar al Gaddafi came to power. Within 5 months, on January 29, 1970, representatives of the new regime told the companies that the price of Libyan oil had been artificially held down. The government presented several demands to correct this situation, the main one being to raise the base price by 40 cents per barrel. Although this request was modest compared to later, quite considerable price hikes, it was immediately rejected by the companies. Meanwhile, a US State Department spokesman, James Akins, affirmed the fairness of the Libyan demands. According to his estimate, the increase up to a "real" price should be even more than 40 cents per barrel. Besides, the companies evaluated Libyan oil without taking into account its low sulphur content while adding a surcharge for oil from Venezuela, where the percentage of sulphur was very high.^{«10»} Coming from a high US official, these words sounded very much like support for the just Libyan demands. The companies, however, rallied together and offered a ridiculously

low "price hike" to the Libyans: 5 cents per barrel.

Under the circumstances, the Libyan government used tactics that turned out later to be quite effective. It demanded that the companies should curtail oil production, the biggest cut being demanded of Occidental: 45 per cent of an original production amounting to 800 thousand barrels a day. The Libyan government believed that Occidental had no other large oil sources besides Libya and thus would not be able to offset the losses. And indeed, Occidental had to capitulate offering to raise the oil price immediately by 30 cents per barrel and promising to bring this raise to 40 cents within 5 years. The rest of the companies operating in Libya—majors as well as independents—had to follow suit.

Libya's victory was a victory for all oil producers in the Mediterranean. Iraq and Saudi Arabia, which had outlets to the Mediterranean coast through pipelines, raised the base price for their oil by 20 cents.

The lesson of 1970 taught by the Libyans did not escape the attention of the oil monopolies. They realised the need to act in concert in the event of other confrontations. Especially as in December 1970, a meeting of the OPEC countries in Caracas issued a statement, vague in wording but obvious in meaning, that urged members to acquire the legitimate right to dispose of their own oil wealth.

A counsel for the companies suggested that agreements be made and a special memorandum based on them sent to OPEC. Among other things, the plans provided for shipping oil at cost to any company liable to "repressive measures" from OPEC. It was requested that the US government should exempt it from the jurisdiction of anti-trust legislation in such cases. After that, US Under Secretary of State John Irwin went to the Middle East. At a meeting with Jamsilid Amuzegar, then Iran's Minister of Finance, Irwin listened to the Iranian side which held that the attempts to put together a joint approach were a

monumental mistake because the oil companies would encounter the united resistance of the oil-exporting countries. Having seen for himself the official support that the OPEC policy enjoyed at the highest level in oil-producing countries, the US spokesman seemed to conclude that the joint approach had to be scrapped and the talks between the companies and oil-producing countries had to be conducted on a regional basis, i.e. separately with the Middle Eastern countries and separately with Libya representing the interests of oil exporters in the Mediterranean. The companies replaced the term "joint approach" with the more vague "separate but necessarily connected" negotiations. Their result was the Teheran Agreement of February 14, 1971, and the Tripoli Agreement of April 2, 1971. According to American sources, "the companies offered slightly over a \$3 billion increase in payments for oil—*Authors' note* / for the Persian Gulf states over the next 5 years and the Persian Gulf states put on the table roughly a \$20 billion package, whereupon the second counteroffer the companies went from \$3 billion to \$6 billion. The Persian Gulf states came down to \$15 billion and roughly the agreement was \$10 billion."¹¹ In terms of oil prices it meant a price hike by 20 cents to 25 cents per barrel.

On the day when the Teheran Agreement was concluded, Abdul Salam Jalloud, a member of the Revolutionary Command Council and Deputy Prime Minister of Libya, told journalists that his country would get better terms compared to the Persian Gulf states. The Libyan government stressed that it would negotiate with each company separately. Thus, the Tripoli Agreement became in fact a series of individual agreements, though identical in format, between the government and each of the companies.

The Teheran talks were conducted in an atmosphere of confrontation between the monopolies and the oil-producing countries, and the monopolies were forced to back down. The royalties from their profits were in-

creased to 55 per cent in all the countries of the Persian Gulf area. The companies agreed to allow for international inflationary trends and to raise the base price accordingly. The Teheran and Tripoli agreements also enabled other countries outside these regions to score success in the struggle for their interests. Venezuela increased its oil prices and Nigeria and Indonesia followed suit. Algeria officially nationalised natural gas deposits and all the petroleum and gas pipelines in the country, and raised to 51 per cent (i.e. partially nationalised by taking the controlling interest) the state's percentage in foreign oil monopolies operating in its territory.

But the agreements signed in Teheran and Tripoli should not be regarded as the decisive step toward victory over the monopolies. They did deliver a hard blow to their companies' power by demonstrating that OPEC unity was stronger than the "joint approach" of the former mighty monopolies in the oil world. OPEC received billions of dollars more from the companies but the problems of concessions still existed. The main confrontation was yet to come.

On the Road Toward Nationalisation

The Western companies thought that the Teheran and Tripoli accords formalised as a five-year contract would be effective for quite some time. The monopolies were forced to grant oil-producing countries broader rights to participate in the activities of concessionaries. Saudi Arabia, Qatar, Abu Dhabi and Kuwait were successful in getting the Seven Sisters to sign an agreement in 1972 whereby they received in 1973 a quarter of the shares in the concessionary companies with a right to increase their interests to 51 per cent in 1982.

"In the weeks that followed the Tehran and Tripoli Agreements," wrote Michael Field, "it was clear to

everybody that the oil industry was not going to return to the conditions of the 1960s, but at least it was felt that a new equilibrium had been established between the companies and the producers, and that a few years of stability could be expected. The extra taxes were promptly passed on to the European motorist, freight rates fell to an alltime low, *The Financial Times* oil share index rose forty points in only two months, and the city pages of the newspapers predicted the companies' return to prosperity. The popular theme was that although the price had been high, it had been worth paying.

"But everybody was disastrously wrong..." «12»

And indeed, the agreements lasted for less than 6 months. After an OPEC meeting in Beirut, which ended on September 22, 1971, Libya's Minister of Oil, Ezzedin Mabrouk, stated that Libya would begin negotiating with the companies on participation. The OPEC members decided at the Beirut meeting that each state should seek partnership with the companies operating in its territory. The Beirut meeting, in fact, only confirmed the earlier decisions of OPEC adopted in Caracas. But Libya became the first member of the organisation to start putting them into practice.

The example of this North African state may illustrate best of all the relationship between the anti-imperialist content of the Arab national liberation movement, which saw in the struggle against the interests of Western monopolies in the Middle East a genuine hope for political independence, and the fight of Arabs for economic independence, particularly as far as oil was concerned. The first nationalisation steps were political: Libyan leaders, who regarded British actions in the Persian Gulf area as detrimental to general Arab interests, expropriated the property of British Petroleum in Libya with certain compensations to be paid. This act caused an outcry in the West. Libya did not try to conceal its desire to show the British government that any attempts to

neglect the political interests of the Arabs and to act against them would not go unpunished. Thus, a very rich oil field in Sarir producing 425 thousand barrels a day, which had been developed by BP together with a US independent company Banker Hunt, became the property of the Libyan government, represented by the new state-controlled Arahian Gulf Exploration Company.

In the classic tradition of Iranian events from 1951 to 1953, BP appealed to the International Court and threatened to organise an international boycott of Sarir oil. Production in the field had been stopped by Libyan authorities, and the company's top officials were rubbing their hands: containing a high percentage of wax, the Sarir oil, previously carried by a pipeline 320 miles long to the al-Khariga port, threatened to turn it, in the words of American oilmen working in Libya, into the world's longest stearin candle. Although Sarir was not a heavy loss for BP economically (only 5 per cent of the company's total oil production in all its fields in various countries) it was a fairly hard blow politically. Libyan authorities, meanwhile, managed to get Banker Hunt to agree to exploit the nationalised part of Sarir, though the company refused to take charge of the transportation and sale of the oil in order not to anger its former partner. In addition, Libya transferred its assets in British banks totaling 230 million pounds to other European banks to avoid "punitive actions" on the part of angry London. The embargo placed on the sales of the Sarir oil by BP was unsuccessful, in large part because the Soviet Union helped Libya by purchasing a large quantity of oil.

The nationalisation of the BP property was a prelude to Libya's resolute demand to participate in the other companies or to acquire the controlling interest in each of them. The demand was made in negotiations with AGIP, an Italian state-controlled company, which began pumping oil from its concessions, including the oil field of Abu-Tiffel, by March 1972.

The Libyan government, however, delayed giving permission to pump the oil and requested a 51 per cent interest. This demand for partnership was granted on a 50 per cent basis. The agreement was acceptable to Libya since the terms were better than the ones in effect in the Persian Gulf area.

According to Muntaser, Libya's Deputy Minister of Oil, the agreement with AGIP, a subsidiary of ENI, marked "the beginning of the end of the traditional oil concession".¹³ Before a week had passed similar demands were made of Banker Hunt, and then the Oasis Oil Co., a concern of three companies (all US), including Continental, Marathon and Amerada. Next came the turn of the largest company among the independents—Occidental.

Due to the openly pro-Israeli stance taken by the USA in the Middle East crisis, Gaddafi, in announcing the total and unconditional nationalisation of Banker Hunt in June 1973, stated that the USA well deserved this "good hard slap on its insolent face".¹⁴ And again the Libyan leadership was consistent in demonstrating the inseparability of the political and economic interests of the Arabs in their struggle against imperialism.

The fate of Banker Hunt could not but affect the other companies which had intended to create a "mini-Iron" in Libya. Occidental and Oasis agreed to the 51 per cent interest of the Libyan government in their operations. "As in 1970," stated *The Petroleum Economist*, "the government's efforts to strike a better bargain than its OPEC colleagues were well-timed. Both oil and tankers were already in tight supply; tanker rates were at record levels and US oil imports were booming, and consequently Libya's short-haul lowsulphur crude was more valuable than ever. In addition, Libya had the financial reserves to withstand any loss of revenues resulting from a big fall or shut down in production."¹⁵ To exert pressure on the companies, Libya took measures to restrain oil produc-

tion on their concessions and later to plug wellheads of relatively small oil potential.

Thirty-three per cent of the concessionary property of Western monopolies in Libya passed to the ownership of the people by late 1973. It should be added that Libya obtained controlling interests based on a more advantageous sharing in the rest of the concessions. Those US companies which refused to increase Libya's interest were nationalised completely. The independents agreed to a partial nationalisation and compensation.

Libya pursued its national interests in the fight to assert its right to dispose of its own oil wealth by astutely taking advantage of the international situation and the state of the world oil market. The Libyan leadership aimed to ensure high oil revenues, develop the national economy so as not to be completely dependent on oil and diversify the country's economic structure.

Chapter III

THE CORRELATION OF FORCES IN THE MIDDLE EAST BEFORE THE 1973 WAR

The question of expanding the anti-imperialist struggle of the peoples of the Arab East has always come up against the complex problem of Arab unity. The problem is complex because nearly every country in the region understands the term "unity" in its own way. This is not surprising. The governments of the Arab countries cover a broad range of the political spectrum. In addition, the multistructural nature of society in each particular country, which contains certain predominant classes or population groups at a given moment, greatly affects government policy.

Some social strata and classes in such societies were directly interested in achieving political and economic independence, strengthening democratic institutions, carrying out social changes and establishing Arab unity on a progressive basis. At the same time, there were classes whose interests were tied up with those of imperialism, and their policies made the achievement of Arab unity unthinkable.

The left-wing and progressive forces opposing the right-wing, so-called "traditionalist" forces, is typical of political life in the Arab East.

Communist parties in the Arab world function legally in only three Arab countries—Lebanon, Morocco, and Syria. In other countries, they are either underground or exist on a semi-legal basis. The communist parties consistently fight against imperialism for profound socio-economic reforms in the interests of the people. The Arab Socialist Renaissance Party (other-

wise known as Baath) is in power in Syria and Iraq. In addition to the Communist Party and Baath members, an important part of the national patriotic forces consists of the supporters of the policy of Gamal Abdel Nasser. The ideological legacy of the late President has deep roots in the Arab world precisely because of its anti-imperialist content.

The progressive forces in the Arab world are opposed by extremely reactionary secret societies such as the Muslim Brothers, the bourgeois, monarchist and other groups representing comprador interests which still have a great influence over the uneducated, and even, to a certain extent, over the intelligentsia.

At the state level, the Democratic and Popular Republic of Algeria, the Socialist People's Libyan Arab Jamahiriya, the Syrian Arab Republic, the Republic of Iraq, and People's Democratic Republic of Yemen, despite differences in their state structure, ideology and policy, are united by a consistent, firm stand against imperialism and neocolonialism, the striving for socio-economic reforms in the interests of the masses and for the establishment of stronger ties of friendship and cooperation with the countries of the socialist community which support their foreign and domestic policies. The Palestinian resistance movement is an influential group in the anti-imperialist national liberation movement not only in the Arab East but also internationally.

As has already been mentioned, the radicalisation of the Arab world had been proceeding quite rapidly before the Israeli aggression of 1967. But in the 1970s, two groups of factors were becoming increasingly important: some of them objective, mostly of an economic nature, some artificially created by imperialists who were concerned with their continuous loss of power in the strategically important and oil-rich Middle East. While the former factors were the result of the successful struggle of oil-producing countries for their economic independence during a time of ever

growing energy shortages in the West, the latter, political, factors were caused mainly by increasingly active imperialist countries, the USA in particular, and reactionary elements in the Arab East, who regarded the undermining of the Arab national liberation struggle as their main goal. The United States selected Israel as its instrument of action.

USA-Israel: "Special Relations"

The complexity of relations between the USA and Israel results, primarily, from the fact that the two countries are connected not only through state channels but through private capital as well. An even closer relationship has been established between the two major Zionist centres in the USA and Israel. The diversity of interests and reciprocal influences of different forces are so interwoven that it is very difficult sometimes to determine the inner workings of a specific event or phenomenon.

In purely theoretical terms, Washington has a very powerful leverage over Israel's actions. In 1956 and 1957, after the Suez conflict, when the Soviet Union strongly insisted on Israeli troops being unconditionally withdrawn from the Gaza Strip and Sinai Peninsula, the Ben-Gurion government was unable to resist the additional pressure from the Eisenhower Administration and had to move the troops out.

An influential Zionist lobby in the USA, however, considerably limits Washington's ability to pressurise Israel. This was especially noticeable in the Presidential and Congressional election years. It should be remembered that up to 80 per cent of the US Senators and 60 per cent of the Representatives regularly support bills favouring Israeli extremists. Therefore, despite the increasing financial and economic dependence on the USA, the government of Menachem Begin, as *The Washington Post* put it, does not mind sticking

a thumb in the US President's eye.«01»

In March 1980, the UN Security Council adopted a resolution condemning the creation of Israeli settlements on occupied Arab lands. US permanent representative to the United Nations Donald F. McHenry also voted for the resolution, supposedly on White House instructions. In less than 24 hours President Carter repudiated McHenry's vote saying that the US Ambassador's action was the result of a misunderstanding because the instructions of the White House had been incorrectly transmitted to the US representative in the Security Council. To give some measure of plausibility to this scandalous version, the State Department produced a statement whereby Secretary of State Vance took the responsibility for the "mistake" upon himself, alleging that he had misunderstood White House instructions and had given an "erroneous order" to the US Mission in the United Nations.

Reporting the real reasons for this unprecedented example of political opportunism, *The Washington Post* wrote on March 7, 1980: "There is little doubt that the intense ... reactions from Israel and the American Jewish community played a major role in the awkward and abrupt reversal."

Enormous sums of money are being pumped along invisible arteries in the United States to feed the economic and political structures of Israel. The Zionist movement, deeply rooted in US political, economic and social life, ensures support for Israel by the major imperialist power in all areas. It would be erroneous to say that Israel is an absolute puppet of the USA in foreign affairs. Leila S. Kadi, a Palestinian researcher, stated quite correctly in her interesting work *A Survey of American-Israeli Relations*: "The Zionist and Jewish influence in the United States (particularly in government circles) is very real, strong and important, but not to the extent that it cancels out the determination of American policies in the Middle East on the basis of

vital interests which are independent from the ambitions and vital interests of Israel itself. Similarly Israel has its own strategies and aims in the area that not necessarily incompatible with them. This does not mean that the Israeli conception of the interests particular to Israel are always compatible in all significant details with American objectives both declared and implicit."«02»

But these minor differences are pushed to the background when the common interests of imperialism and Zionism in the Middle East are affected. Expressing the sentiments common to the US ruling circles in the late 1960s, a former US Ambassador in Cairo John S. Badeau stressed that Israel should be the cornerstone and chosen instrument of American policy in dealing with Arab states.«03» And the Zionists declared in complete concert with these sentiments that "Israel today represents the only effective challenge to communism in the Middle East".«04» This is where the root of "special relations" between the USA and Israel really lies and not in "the attachment of American Jews to Israel" or in America's strong sympathy for Israel "as a democratic nation and a society imbued with the libertarian values and humanistic culture of the West", as publicist Nadav Safran of the USA tried to explain.«05» The facts totally repudiate this approach.

The enormous amount of money being poured into Israel from overseas has always been closely watched by those who have followed Middle East developments for the last 30 years. The rapid growth of the military-industrial complex and economic potential of that country is very closely linked with the continuous flow of finances to Tel Aviv from all corners of the world. This flow comes from three main sources: loans, credits and donations from imperialist states such as the USA, West Germany and Great Britain; fund raising in Jewish communities of the capitalist world, and foreign sales of bonds issued in great numbers by Israel. These are not the only sources of revenues

for the Israeli treasury but the country's fiscal-economic structure is supported by these three pillars.

A Detailed Review of United States Economic Assistance to Mideast and North African Countries 1945-1967 «06» states that Israel received \$2,177.8 million during that period as direct aid. The International Development Agency and its predecessors gave \$513.4 million to Tel Aviv, and the USA allocated \$346.4 million under Law 480. The Israeli treasury received \$229.1 million under other American economic programmes, \$719.4 million in loans and \$369.5 million in donations. Billions of dollars that have come through state channels after 1967 should also be added. The supply of modern arms to Israel, often free of charge and sometimes at a great discount, may also be considered as a form of direct aid.

Indirect aid includes contributions made by Zionists and the sale of Israeli bonds. The Zionist organisation called "United Jewish Appeal" alone raised \$1,489 million in the USA between 1946 and 1963. This huge sum was exempted from taxes, a unique exception made for Israel by the American government. "Following the establishment of the state of Israel in 1948, the Israelis were granted the unique privilege of floating bond drives in the United States—a privilege not accorded to any other nation." «07»

"The financial aid of American Jews," said N. Safran, "has ... very early on turned any Israeli foreign policy option other than a Western orientation into a purely hypothetical possibility. The magnitude of that aid has been well-nigh incredible. Starting with \$200 million during the year in which Israel struggled for its birth, the level of assistance has tended to taper off in relatively quiet years, shoot up in times of crisis, and ease down again but to ever higher plateaus. Thus, in the crisis year of 1967 the amount of aid in donations and loans jumped six or seven-fold over the level of previous years to attain nearly \$600 million; and, after settling down to roughly half that amount annually in

the following six years, it shot up again sixfold in the year of the 1973 war to the fabulous level of \$1.8 billion." «08»

The "golden bridge" which spanned the distance between Washington and Tel Aviv branched out to Bonn. Through the instrumentation of the USA, West German Chancellor Konrad Adenauer and Israel's Foreign Minister Moshe Sharett signed the Luxemburg Agreement on September 10, 1952. Under the agreement, Israel was to receive an irrevocable amount of \$862.5 million (DM 3,450 million) from Bonn between 1952 and 1965 under the guise of "payment" for the 6 million Jews who died in Hitler's concentration camps. In exchange, the Ben-Gurion government secretly pledged itself to help to rehabilitate West German militarism.

In 1960, the White House again resorted to pressure on West Germany. This resulted in another, semi-confidential agreement signed between Adenauer and Ben-Gurion in New York. This agreement, though denied by Bonn officials, provided for \$500 million to be paid to Israel during 10 years. «09» Another agreement was signed in 1966 whereby Bonn undertook to provide aid to Tel Aviv, beginning with a long-term credit of DM 160 million (about \$40 million). The repayment of the loan was extended for 20 years at a maximum of 3 per cent interest.

An estimate made by Yusif Sayegh, a professor of economics at Beirut University, and reported at an international seminar in Beirut, 1968, is of interest in this regard. Citing official statistics from the Bank of Israel (which, incidentally, do not by any means reflect the whole picture as they do not include some important sources of aid), Yusif Sayegh noted that Israel had received \$7,450 million from various countries between 1949 and 1967. Speaking about the American aid to Israel through government channels, N. Safran also stressed that "on a per capita basis of recipient country, this was the highest rate of American aid given to any country." «10»

After the war of 1967 and particularly during the years following the Yom Kippur War in October 1973, the American financial aid to Israel has grown immensely. "In the last six years /beginning from 1973—*Authors' note* / only the United States allotted to Israel more than \$7 billion in economic and military assistance and loans,"¹¹ wrote N. Safran.

Despite the favourable financial conditions for the country's growth, the economy of Israel repeatedly experiences very deep economic crises which, in the opinion of many observers, influence Israeli foreign policy and contribute to the unleashing of aggressive wars in the Middle East. The so-called Six Day War of 1967 is a striking example. Israel's economy was in very bad shape on the eve of the war. This was reflected in the 1966/67 budget where 28.8 per cent was allotted for military expenditures and 17 per cent to pay government debts, while spending for economic development and social needs was cut to a minimum even in such sensitive for the Zionist propaganda areas, as appropriations for the "adaptation" of new immigrants. Trade deficits ran up to \$485 million in 1965.

The 28.8 per cent for military expenditures was only the upper part of an iceberg as far as money spent on militarisation in general was concerned. In fact 40 to 50 per cent of the budget was spent for the military purposes.

The war of 1967 helped Tel Aviv to get out of the slump: large sums of financial aid invigorated the economy, somewhat helped to solve the unemployment problem and even sparked industrial boom of sorts. But has the Israeli government resolved the country's key issues and eliminated the guns-or-butter dilemma that hangs over every militarised state as the sword of Damocles? An analysis of Israel's growth since 1967 up to the present provides a negative answer.

"Israel's economic troubles stem from its political and military ones. It has to devote too much of its

economy, and too much of its foreign exchange to defence,"¹² wrote *The Economist* in Great Britain. Indeed, the militarisation of the country has affected and is still increasingly affecting the Israeli financial and economic basis. Israel's 1968 military expenditures, for example, exceeded the defence spendings of six Arab states—Egypt, Saudi Arabia, Syria, Lebanon, Jordan and Iraq—put together.¹³ The military-industrial complex of Israel bears heavily on many branches of the economy and chops off fat portions of other sectors' budgets.

The enormous growth of military expenditures stimulates an increase and expansion in imports of means of production by private companies engaged in the military industry or closely related to it. And this does not help in the least to improve the balance of payments and trade deficits. These deficits are offset by capital inflow and, when that is not enough, from foreign exchange reserves which are dwindling as a result. The bulk of the foreign exchange outflow—70 per cent—goes to buy arms.

During the years preceding the war of 1973, Israeli leaders decided to place the entire burden of militarisation on the population of Israel, especially on the working people. D. Horowitz, Governor of the Bank of Israel, considered it necessary to take various domestic measures in currency and tax policies in order to reduce a fairly unusual growth of private consumption.¹⁴ In January 1970, the budgetary committee of the Cabinet of Ministers increased income taxes by 5 per cent and made a military national loan, which had been voluntary, obligatory for all groups of the population. Taxes on all imported goods were also sharply increased. "The only way out, and one which has already been suggested by academic economists, is devaluation," *The Economist* commented.¹⁵ This has been used by Israel's ruling circles before to pump out money from the pockets of broad sections of Israeli society. And after the war of 1973 devalua-

tion became a universal means to achieve military goals. The balance of guns and butter so much touted by Israeli propaganda has really tilted toward guns and this trend will undoubtedly continue.

The creation of a militarily strong Israel has always been a primary objective of American foreign policy and the military aspect of the "special relations" between Washington and Tel Aviv, therefore, takes centre stage against the background of the developing Middle East crisis.

The US government was at first very cautious about directly supplying arms to Tel Aviv, fearing a sharply adverse reaction on the part of the Arab states, which the US was trying to persuade to participate in military blocs similar to the Baghdad Pact. On March 2, 1956, M. Sharcut demanded military aid from the United States. On April 3, Secretary of State John Foster Dulles answered that the US Administration was taking a neutral stance and refused to be involved in an "arms race" in the Middle East between Israel and the Arab states. Dulles added, however, that this stance did not mean that the USA had rejected the Israeli appeal or that it "had any objection to the sale of arms to Israel by other Western countries". «16» Thus Washington delegated its role as a main arms supplier to Israel to other NATO countries, chiefly France and West Germany.

After the Administration of John F. Kennedy came to power the White House threw away the fig leaf covering its military ties with Tel Aviv. A sale of Hawk missiles to Israel was announced in September 1962, totally contrary to Washington's declared policy of non-involvement. The White House tried to disguise its action by claiming that there had been a shift in the Middle East balance of forces in favour of the Arabs. In June 1963, another agreement was signed with Tel Aviv providing for the sale of \$25 million worth of Hawk missiles. Under the Lyndon Johnson Administration, Israel received in 1966, i.e. on

the eve of its aggression, two hundred M-48 Patton tanks and a "limited quantity" of tactical airplanes.

After the war of 1967 and following France's refusal to be a source of arms for Israel, the United States practically became Israel's sole supplier of weapons. The "embargo" on the sale of arms to Mideast countries, announced by Washington after the war, remained only till October. The ban was lifted not for victims of the aggression but for Israel. As a result, American weapons increasingly flowed there.

The US-Israeli collaboration in the nuclear field appears particularly sinister. Israel's advanced technology, two operating atomic reactors (one in Dimon for 24 MW and the other in Neveh-Ruppin for 5 MW) and two particle accelerators of 3 to 12 million electron-volts; as well as the secrecy which shrouded all nuclear research gave the Western press reason to conclude that Israel had the atomic bomb as early as the mid-60s.

Nuclear research is conducted in Israel on a grand scale. It began as far back as 1952 when Premier Ben-Gurion quietly set up the Israel Atomic Energy Commission. Nothing was known about this agency for 22 years as it functioned in secrecy under the aegis of the military which controlled all design, testing and production. The personnel was selected mostly from Mossad, the Israeli secret service. In 1956, the Weizmann Institute of Science and the Centre of Atomic Research in Nahal-Sorek jointly started production of heavy water. There are reports that a versatile TRR-1 reactor is functioning in Israel. These facts, scattered though they may be, are enough to allow an expert to draw a definite conclusion, even if some parts of the jigsaw puzzle are missing. Giovanni Battista Zorzi, a senior lecturer on nuclear reactor physics at the Milan Polytechnic Institute, when asked whether Israel had the atomic bomb answered: "I do not doubt it... It is all based on benevolent tolerance of the United States who, on the one hand,

especially at the beginning, provided Israel with engineers and information and, on the other hand, did not put any political pressure to prevent nuclear research. I'll tell you more: the USA has rendered assistance to Israel in building two reactors, one of which produces plutonium." «17»

And although Tel Aviv has not officially confirmed that it has nuclear weapons, the country's Zionist leaders as well as the United States would clearly like various reports, rumours, conjectures and speculations about the Israeli bomb to continue to circulate. Why? As the Israeli strategists see it, their position as an independent nuclear power and the presence of a propaganda bomb are factors of containment which will prevent the Arab countries—targets of aggression—from trying to resort to force as they did in October 1973.

There is no doubt that the "special relations" between the USA and Israel continue to affect the Mideast crisis. The pro-Israeli bias of American policy in its approach to this crisis continues to be a decisive factor in the relations of the USA with Arab countries. US-Israeli relations are cemented by a so-called "pro-Israeli" or "Jewish lobby" in the United States. Out of many such pressure groups operating on Capitol Hill, in the government and in major American propaganda media, the pro-Israeli group has shown itself to be the best-organised and most effective.

This lobby includes representatives of many Zionist and some non-Zionist organisations brought together by a single purpose. Their activities are coordinated with the Israeli Embassy in Washington. The lobby's objective is to rally leading figures of the legislative and executive bodies and US public opinion to a comprehensive international, diplomatic, military and economic support of Israel at all times, especially at a time of crisis and on those rare occasions when Washington and Tel Aviv differ in interpretation of their interests in the Middle East and elsewhere.

It is obvious that the pro-Israeli lobby has had more problems for the last seven or eight years as increasing US advances to moderate Arab governments and the growing dependence of the world's largest imperialist state on the Arab-controlled oil supply have narrowed the White House room to manoeuvre. This has resulted in a deviation, even if in propaganda, from the purely pro-Israeli stand which had been typical before the war of 1973. These new trends in the American Mideast policy cannot but worry supporters of Israel and cause them to make more efforts "to bridle" American foreign-policy strategists. Generally speaking, they have so far succeeded.

High officials of 14 Jewish Zionist-leaning organisations meet every week in the US capital. The time and place of the meetings are kept secret for "security" reasons and due to the delicate nature of the talks. It is at these meetings that plans to provide military, political or economic support to Israel are outlined. A programme of action thus worked out is handed over for implementation to members of the American-Israeli Public Relations Committee which is considered a spearhead of the pro-Israeli lobby.

Founded in 1954, this Committee is registered in both chambers of the US Congress as an American lobby group. It has an annual budget of \$400 thousand. It spends \$200 thousand more to publish the *Near East Report*, a press bulletin that has 27 thousand subscribers and is distributed free of charge to all Senators and Representatives, the State Department, embassies and the mass media. The Committee acts mainly in the Congress; its members are very closely associated with the Senate and House of Representatives and they are very well informed about the attitude of each particular legislator toward relations with Israel and the problems of the Middle East crisis. The American-Israeli Public Relations Committee, with a membership of 11 thousand, uses computers to list the most important acquaintances of every Con-

gressman to indicate whom one should meet in the event certain pressure on members of Congress is needed.

The Committee does not confine itself to such meetings, however. The Jewish National Center recently published a report which is the first part of an extensive study on the stands taken by Congressmen on Israel. It is entitled "Classification of US Senate". It covers a period between 1967 and 1972 and includes information on how every member of the Senate voted during that period on 22 legislative issues which directly concerned Israel, Jews in Arab countries and other relevant matters. The "Classification" rated Senators from 0 to 100 so that any American voter of Jewish extraction could see at once which legislator consistently supported Israeli interests, who wavered and needed to be pressured and who was in opposition. Senators representing states with large Jewish populations generally have high marks. Senator Jacob K. Javits of New York (New York and its suburbs have 2,831 thousand Jews) received 97 points. Abraham A. Ribicoff of Connecticut and John V. Tunney of California were given 100 points each. Pennsylvania's Republican Senators Hugh Scott and Richard Schweiker also received 100 points. The same was awarded to Democratic Senator Hubert H. Humphrey of Minnesota. Senator M. Mansfield, the Democratic majority leader, on the other hand, did not sign a single resolution or declaration in favour of Israel and only once voted for a document thought to be in Jewish interests. His mark: only 8.5 points. Senator James W. Fulbright of Arkansas, who was then very active on the Senate Foreign Relations Committee, found himself in even greater disfavour with 0 points.

The Committee is backed by Zionist organisations whose leaders head the Washington lobby and arrange to bring pressure to bear on the Congress and Administration from "the public" by a flow of letters and rallies held in the districts of those law-makers whose

opinion on certain matters concerning Israel needs "correction". The policy of "personal attention" to influential representatives of the legislative branch resulted in a noticeable number of pro-Israeli resolutions and declarations being brought up for votes on Capitol Hill during the last five or six years, the number of their sponsors and co-sponsors reaching 70 (out of 100) in the Senate and 2/3 of Representatives (out of 435).

An active core of the Jewish community in the USA is made up of more than 300 national organisations and groups (not counting "locals"). The leading groups are the American-Jewish Committee, American Jewish Congress, B'nai B'rith, Anti-defamation League, Jewish War Veterans, National Jewish Welfare Board, National Council of Jewish Women, Council of Jewish Federations, Union of American Jewish Congregations, Zionist Organization of America and United Jewish Appeal. The latter has an annual budget of \$9 million, B'nai B'rith \$13 million with its Anti-defamation League having a budget of \$7.4 million. The budget of the American Jewish Congress is \$2.2 million a year. All these large organisations consider a cornerstone of their activities, in addition to propagation of Zionist ideas, the task of persuading Americans at all levels that American and Israeli interests are essentially identical. Their activities in the political, financial, cultural and social spheres are coordinated by the Conference of Presidents of Major American Jewish Organizations set up in 1955. By a long-standing tradition, US Presidents regularly meet with members of this very Conference who assumed the right to represent American Jews. The main role played by the Conference is to exert pressure on the US Administration "at the highest level" in order to push through political, military and economic decisions favourable to Israel.

The mass media, such as television and the press, including leading newspapers and magazines, may be

considered an important tool of spreading the influence of the pro-Israeli lobby nationally. Such major American newspapers of "supranational" scope as *The New York Times* and *The Washington Post* are Zionist- and Israel-biased. Television, represented by the NBC, CBS and ABC corporations, is monopolised by Zionist interests. This is especially important considering the fact that two-thirds of the Americans name television as their main source of information. The Israeli Embassy in Washington, which is kept well informed of the political scene in the US by its farflung network of Zionist agents, takes immediate measures whenever the slightest danger threatens the "special relations". Many examples attest to the role played by the Zionist lobby in the USA. Senator William Fulbright, well-respected in Washington, lost re-election after a long and brilliant career in the Senate when he failed to get the support of Zionists for some of his statements. James Abourezk, the only Senator of Arab extraction, has long been badgered by Zionist groups and the press controlled by them.

Such is the tool used to maintain the "special relations" and which is protected by the law inside the USA. Its influence on American politics is unquestionable. But is it all-powerful? The facts indicate that the influence of the Zionist lobby in the United States has been eroded to some extent since 1973. A pro-Arab lobby has clearly emerged in America. It existed latently before as means of defending the interests of the oil companies which were cooperating with "conservative" Arab countries. The National Association of Arab Americans has been set up, there is an Arab News Center, Ambassadors of the Arab countries have become more active and pro-Arab activities are coordinated and directed by several well-paid lawyers receiving oil dollars from rich Arab states. "The Arab lobby has won considerable support from the U.S. business community," comments *U.S. News & World Report*. "Part of the reason for this

is the Mideastern interests of certain American corporate giants.

"Another reason may be the work of the array of top-level American lawyers and ex-politicians who are on big retainers from Arab governments. This special league includes former Senator J. William Fulbright (D-Ark), former Defense Secretary Clark Clifford, former Virginia Governor Linwood Holton, and Nixon-administration figures Spiro Agnew and Richard Kleindienst. The most active of these special advisers is lawyer Frederick G. Dutton, a former Kennedy-administration official who reportedly got \$270,000 for his services to Saudi Arabia in the first half of 1977.

"I advise the Saudis on legislation, who is pushing it and what can be done," says Dutton. "Until lately, the Arabs didn't even know where the Hill was. Now there seems to be an openness on the Hill. That is encouraging the development of an Arab lobby." «18»

It would not be unlikely to suppose that the need to cater to the interests of oil-rich Arab governments in the Middle East, particularly in the Persian Gulf, will compel American foreign policy strategists to look again at the distribution of forces in the Mideast and adjoining regions, though without replacing their "special relations" with Israel (there can be no discussion on this point for the foreseeable future), and establish similar ties with those Arab countries who are willing to follow a pro-American line. This, undoubtedly, will require a certain revision of US Mideastern concepts. Speaking about the realities of the situation in the Middle East, N. Safran recognised that an urgent requirement of American policy in that area would have to be "a dual orientation, on Israel as well as on Arab states". «19» The facts show, nevertheless, that the Reagan Administration is only inclined to heed the voice coming from Tel Aviv, ignoring the opinion of its Arab "allies".

Egypt: Prerequisites of Evolution to the Right

At the time of President Nasser, Egypt was the leader of the national liberation movement of the Arab peoples. Egypt not only strongly supported this movement but also relied on it in pursuing its foreign and domestic policies, in orienting its economy toward socialism, and in making deep social reforms designed to create a basis for a strong domestic front which could resist pressure from imperialist powers. Left-wing forces of the Arab world were aware of the need to bring together the many political parties, groups and movements that promoted progress and unity for the Arab nation. Included here were communist parties and socialist-leaning groups, national movements (which had undergone a marked evolution from narrow nationalistic tendencies to a more objective evaluation of the role of Arab nation in the world revolutionary process), traditional moderate parties and even the parties of the petty bourgeoisie. All these groups were attracted to socialism, but each had to follow a different path to it. It was often a winding road, and there were mistakes and unavoidable ideological shortcomings. Diverse viewpoints caused numerous and often sharp disagreements which threatened to turn the front into a chaotic group of political factions. These disagreements resulted in a split in the leftist forces and, ultimately, led to a weakening of revolutionary activity. This allowed reactionary elements in the Arab world to seize the initiative.

A number of objective factors can be cited among the reasons for this. The main cause was a separation of forces of the left, quite natural for that stage of development, the breaking away of chance petty-bourgeois fellow-travellers. The deepening and rapidly developing revolutionary process set new, more radical tasks for participating parties and groups. And there was a sharp polarisation of forces comprising the left wing of the Arab national liberation movement

except for the communist parties concerning the need for new goals and ways and methods to achieve them. These processes have affected the Baath Party and other left-wing political groups.

In addition, one should remember that anti-communist propaganda from imperialist powers, notably the USA, was dramatically stepped up in the Arab world. Some left-wing groups aided these propaganda efforts by defending petty-bourgeois ideology and having only a vague idea of scientific socialism.

A change in the imperialist approach to undermine progressive Arab regimes "from inside" should also not be ignored. Inasmuch as "former" reactionary groups (the feudal aristocracy, tribal sheikhs and comprador bourgeoisie) have compromised themselves with their open support for past pro-imperialist administrations and their political and economic power has been destroyed in most of the countries by the national liberation struggle, neocolonialism leaned more and more toward representatives of the growing indigenous big bourgeoisie, toward big landowners turned bourgeois and high echelons of bureaucracy.

At the same time, the imperialist powers of the West spared no efforts in strengthening reactionary governments in the Arab world, which were on the defensive. Making no attempt to halt the deposition of Saudi King Saud ben Abdul Aziz who with his policy had plunged the country into a mire of obscurantism and nepotism, the imperialists welcomed his half-brother Faisal coming to power since he had earlier proved to be a supporter of some limited reforms. The Western circles (mainly the USA and Great Britain) hoped that Faisal would be able to become a sort of a "moderate counterbalance" to the revolutionary policies of President Nasser. "Britain's wistful search for a friend in the Middle East has led back to the heart of Arabia," noted the *New Statesman* magazine. "In London a discreet pressure group is trying to persuade the government

and the press that if Britain wants an Arab friend, she will find one in King Faisal. Briefly, the theory is this: King Faisal will emerge as the new Pan-Arab leader, winning support from those who are disenchanted with Nasser and leading them forward to new policy of prowestern non-alignment, strongly favourable to British and US interests."«20»

As the *New Statesman* saw it, "it is Nasser, however, who has for the moment reunited Britain and Saudi Arabia in an attempt to drive him out of the peninsula. Not only are we supporting the Royalists in the Yemen, less blatantly than the Saudis but equally effectively, but we are also bolstering Faisal's regime in a time-honoured way."«21»

King Faisal's attempts to forge a so-called "Islamic Pact" also played an important role in the Cairo-Riyadh opposition. "On the wider aspects of the Arabian problem and its impact on Egypt's relations with the great Powers," wrote *The Observer* in Britain, "Nasser blamed the present deepening conflict within the Arab world between Egypt and Saudi Arabia partly on the encouragement he alleged had been given by the United States to King Faisal to launch his idea of an Islamic Pact. He saw this as a repetition of previous attempts by America and Britain, such as the abortive Middle East Defence Organisation and the Baghdad Pact, to bring all Arab States into an alliance."«22»

Steps taken by the Egyptian President to resolve the controversy with Saudi Arabia on a number of issues, particularly on Yemen, were unsuccessful.

Cairo used every opportunity to try to establish mutual understanding with Faisal. Nasser even met with the Saudi king in Jidda, where an agreement was reached concerning the settlement of the Yemen problem. But there was such strong dissent concerning the details of the agreement that the Haradh (North Yemen) conference, which was called to reach a final solution to the conflict, was unable to achieve any substantial results. Subsequently, relations between

Cairo and Riyadh deteriorated. When, in February 1967, Faisal closed Egyptian bank branch offices in Saudi Arabia, Nasser ordered the sequestration of the property of the Saudi monarch and his supporters in Egypt. Relations between the two countries were virtually frozen.

President Nasser repeatedly stated that the national liberation movement of the Arab peoples would not have been able to make such great progress without support from the Soviet Union and the whole socialist community. The close cooperation of the world's first socialist state and Egypt—the acknowledged leader of the Arab liberation anti-imperialist struggle—became a guiding light for other countries in the Middle East which were taking the progressive path of development.

Egypt's cooperation with the countries of the socialist community brought it considerable benefits, especially during the crucial period of forming its own national economy. Consequently, President Nasser's government was politically consolidated. Egypt's annual GNP growth averaged 5 per cent between 1952 and 1965 and it was 6 per cent between 1955 and 1965. The fast rate of manufacturing the means of production—a basis for industrialisation—considerably increased the percentage of heavy industry in the total industrial output: from 28 per cent in 1952 to 39.5 per cent in 1966.

Though there were obvious successes in the national economic development, there were also notable mistakes: fulfilment of the first five-year plan began late and a capitalist approach to the development of the economy, emphasising the private sector, still dominated. It is no exaggeration to state that many of the Egyptian economy's difficulties resulted from the shy approach its managers had taken to establishing priorities conducive to economic development. Also, this basic principle was not observed: political power in the state should belong to the class union in which the working class should play the decisive role. Thus,

there was no control over the national economy's paths of development, and the desired control over the local bourgeoisie to prevent it from growing into a new reactionary parasitic class was lacking. On the whole, it may be said that political inconsistency was the basis of Egypt's economic difficulties from the beginning of the revolution to the 1970s.

Israeli aggression dealt a very heavy blow to the Egyptian economy. It should be noted that Egypt's military spending was considerable before the war precisely because of the constant danger to its independence and sovereignty from Israel. Egypt is estimated to have appropriated \$650 million or 14 per cent of its GNP to its military budget in 1966 and its foreign debt was \$1.3 billion by the middle of the same year. Nevertheless, the prime source of revenue—the "three whales" which supported the Egyptian economy—the Suez Canal (provided a revenue of \$307 million in 1966), cotton (\$292 million) and tourism (\$100 million), gave grounds for optimism. In addition, oil brought about \$100 million to the Egyptian treasury and the Aswan High Dam began to provide its share, already being able to offset to some extent the consequences of the population explosion and slow down the trend toward reduction of the area of arable land per capita.

It is difficult to calculate the damage inflicted on Egypt by Israeli aggression and occupation of the Sinai Peninsula. The loss of military materiel is estimated by Western sources to be between one and \$1.5 billion. According to Egyptian sources, \$136 million was allotted for re-equipping the armed forces in 1967-1968, but in fact the expenditures were much greater. The loss of the Sinai Peninsula and its oil fields resulted in losses of \$56 million annually, not including losses from other sources of income in the Sinai, particularly from citrus crops (\$10 million a year). Tourism was another victim of the aggression: only \$54 million was generated in the 1967/68 fiscal year out of \$138 million originally counted on. «23»

The difficulties of the Egyptian economy were intensified in 1967 by a cotton crop failure caused by the holl weevil. Revenues from cotton sales dropped by 11 per cent as a result, compared with 1966.

It has been estimated that all of Egypt's wars with Israel resulted in material losses (destroyed facilities and sources of revenue made inoperable) amounting to 16 billion Egyptian pounds. 11.5 billion E pounds of that amount were losses after 1967. In 1975 alone, for example, at least 1 billion E pounds was spent for military needs. In the light of these facts, it can be seen that the potential role of the pre-war socio-economic reforms carried out by President Nasser and the importance of the state-controlled sector of the economy that had helped Egypt to bear the burden of the war and ensure a reasonable standard of living for the working masses until Sadat came to power were considerable.

Egypt's domestic political scene between the wars of 1967 and 1973 was characterised by further intensification of the latent struggle of two main forces: the left-wing forces supporting the radical socio-economic measures taken by President Nasser, and the reactionaries striving for the restoration of their lost rights and privileges. Under the conditions of "social peace" proclaimed by President Nasser, there was a certain basis for support of the socialist transformation, but the "social peace", at the same time, was shattered by right-wing elements that were growing stronger every day. The progressive forces had no time to really organise the masses and to clear their ranks from opportunist and counter-revolutionary elements.

The amorphous Arab Socialist Union sheltered diverse opportunist and right-wing bourgeois elements within the framework of the "social peace".

What classes then comprised the potential pro-imperialist agents, the fifth column which aimed to restore the capitalist order in Egypt? First, national capitalism, which had been preserved in the sphere of com-

merce, industry and agriculture. Taking advantage of the revolution's many achievements, national capitalism used all forms of disguise to grow into the body of the revolution and extract profits from such areas as contracting, import, interest-free crediting and cooperative marketing. Second, a new class, which used its service positions in ministries, agencies and offices in the government sector for self-enrichment, emerged from within the state governing apparatus. The representatives of this class managed to accumulate considerable wealth, both inside and out of the country.

We should especially dwell on the so-called "new class", if only because the present-day leadership of Egypt is either composed of its representatives or is directly linked with its interests. This class arose after the Suez crisis of 1956, the basis for its economic power are nationalised foreign enterprises and banks and the state-controlled sector which was just being formed at that time. The "class of managers", according to Eric Rouleau, a well-known French journalist and Orientalist, was paid too well, their annual salaries being in the five-digit bracket, which naturally made the managers less inclined to reduce the private sphere. "Enjoying a multitude of privileges," wrote Rouleau, "it also enriches itself by illicit gains, acquires apartment buildings and agricultural estates when it is not engaged in more or less legal commercial operations. Indeed, despite socialist laws of July 1961, private enterprise remains intact in the countryside and flourishes despite considerable restrictions in the cities. In 1962, it accounted for 65 per cent of the total national revenue. It has been 'inevitable' since then that the middle class had to try to expand its sphere of activity.

"Some figures are worth mentioning in this respect as an example: the number of landowners possessing between 20 and 100 feddans (the 'ceiling' fixed by the

agrarian reform) increased from 27 thousand in 1952 to over 40 thousand in 1964; the annual per capita revenue in this category of agricultural proprietors was 718 E pounds in 1966 as opposed to 12.8 E pounds gained by the landless peasant. In other words, the 'new class' representing 1 per cent of the rural population appropriated 25 per cent of agricultural revenue, leaving only 20 per cent to the landless peasants who constituted 50 per cent of the country's inhabitants." Representatives of the "new class" made vast fortunes by joining hands with wholesale tycoons whom they provided with goods, equipment and food products at fixed prices for considerable fees thereby taking advantage of their privileged positions in state offices, and thus creating a favourable atmosphere for various profiteering schemes and other abuses. They protected the wholesalers from the close attention of the police and procurator's offices and divided the profits among all concerned. "This combination of factors for the last few years has aggravated social inequality, consolidated the economic role of these 'parvenus of the revolution' and given them additional weight in state affairs where they often determine government policy," said Rouleau. It should be noted that an important component of the "new class" was a highly paid stratum of top-ranking officers in the army. Rouleau cites the words of President Nasser: "It is our duty, whatever the price, to prevent the emergence of a new class which would inherit the privileges of the old. We must resist this deviation, revolt against it if necessary. We must deprive this class of the weapon with which it will stab the alliance of popular forces in the back when the opportunity presents itself."²⁴

But this was not to be prevented...

The third group of opponents to the progressive policies included the big bourgeoisie that operated in the contracting field and in wholesale and export trade under the wing of the government sector. In the con-

ditions created by government sector top echelon, its members managed to concentrate large funds in their hands. Suffice it to say that wholesale trade alone, controlled by only 219 merchants, brought an annual profit of 30 million E pounds from a turnover of 600 million E pounds. This situation made the government decide in November 1967 to gradually nationalise wholesale trade. But the nationalisation has not been put into effect.

The fourth group may include the still remaining fragments of the old classes of feudal landowners and big business who managed to retain part of their wealth by participating in various ventures. Owing to desquestration of their property under Sadat, part of their wealth was returned including the enormous sums that they had smuggled abroad. These two types of Egyptian capital have long been connected with foreign capital.

Egypt's defeat in the 1967 war was taken by some groups in the Egyptian leadership as a signal to begin an attack on the gains won by the Egyptian working people. In late December 1967 and early January 1968, the ASU Higher Executive Committee was discussing the country's economic policy. Vice-President Zakaria Mohiedin, on behalf of a group of ministers, presented a report on the measures they thought necessary for Egypt's economy. This report, prepared jointly by Minister of Planning Abdul Kaisun, Minister of Agriculture and Land Reclamation Sayed Marei, Minister of the Economy and Foreign Trade Hassan Abbas Zaki and Minister of Finance Nazih Ahmed Deif among others, contained measures which would lead the country out of its difficult economic situation mainly at the expense of the popular masses. It was recommended to close down a number of unprofitable factories, which would mean a further increase in unemployment, a rise in prices on some staple goods, higher taxes and more benefits to the private sector. Only Gamal Abdel Nasser himself and

his close friend, Ali Sabri, spoke resolutely against the report at the discussions that followed. The President said that he could accept such recommendations only after they had been approved by the people. Nevertheless, some steps suggested by the report were taken: prices of flour and macaroni products were raised and the weight of bread was cut though it sold at the same prices. Some benefits were given to the private sector.

This was the domestic situation when the Egyptian people began the struggle to eliminate the aftermath of the Israeli aggression. President Nasser, who had announced his resignation following the Six Day War and who had transferred powers over to Zakaria Mohiedin, a well-known right-wing figure, was persuaded to remain in power after massive demonstrations were held throughout Egypt on June 9 and 10, 1967. Having thus received a mandate from the people supporting his policy, the head of the Egyptian state and his associates began to work out a long-range policy directed at subordinating all political and economic structures to the single purpose of regaining the occupied territories.

"In the wake of their sweeping victory /in 1967—*Authors' note 1,*" wrote N. Safran, "most Israelis expected at least Egypt and Jordan to sue for peace. Defence Minister Moshe Dayan expressed that feeling when he said that he was waiting for a telephone call from Cairo or Amman any moment. Other Israelis were not so certain about the imminent advent of peace, but they were sure that war, at any rate, had become a very remote prospect. General Sharon voiced that feeling when he said three days after the war that the enemy was not going to be able to fight for so many years, that he, Sharon, and his generation would be too old to participate in the next war. In fact, Dayan did not get his phone call, either then or later, and as for Sharon, he lived long enough to fight not one war but two: the 'war of attrition', which followed the Six Day War almost im-

mediately, and the massive October 1973 war."²⁵ Egypt's defence capability was soon restored by careful and rapid efforts to purge the army and security services and by sharply increasing the quality of training for soldiers and officers.

After he was President, Sadat in many of his speeches repeatedly tried to claim himself responsible for this success. Mohammed Heikal, a former editor-in-chief of *Al-Ahram* and a key figure in the government who was close to President Nasser, attests, however, that three persons were fully responsible for the restoration of the Egyptian armed forces. They were: Commander-in-Chief Mohammed Fawzi, Chief of Staff Abdel Munim Riad, a talented officer who later died in the "war of attrition", and President Nasser himself "who devoted a large amount of his time to the army and its problems".²⁶

The most difficult task was to purge the armed forces of corrupt high officers grouped around the country's No.2 Man, Vice-President, Marshal Abdel Amer, and replace clearly unqualified military leaders at all levels with skilled officers. All this was accomplished by late 1968. Heikal recalled with gratitude the assistance rendered by the USSR in the reconstruction of the Egyptian armed forces. New shipments of sophisticated weapons, including air-defence missiles of different types, made the Egyptian army a formidable force even at the time when Israeli planes dominated the air.

Proceeding from his experience with Israel, President Nasser never had any hopes that the Arabs would be able to regain the seized territories by concessions to the aggressor. Therefore, along with political efforts to settle the crisis by peaceful means, both through the UN (the failed mission of Gunnar Jarring, a Swedish diplomat) and by other "initiatives" (by US Secretary of State William Rogers) he did not exclude a military settlement. The Egyptian President was firmly convinced that the Middle East problem

could not be left in a frozen state. This would play into the hands of the aggressor and promote the annexation of occupied Arab territories. This was why Nasser decided to begin the war of attrition.

Having completed a purely defensive stage of military buildup, the Egyptian army command began regularly shelling Israeli troops positions on the eastern bank of the Suez Canal. Israel failed to adapt itself to these tactics from the beginning and suffered noticeable casualties in both military hardware and manpower—up to 80 people a month—which demoralised soldiers and the population in the rear. Moreover, the "war of guns" was exhausting for Tel Aviv and strained the country's economy. The Israeli military command responded by constructing a so-called Bar-Lev Line on the Canal's eastern bank, a system of nests and fortifications, "unassailable" according to the Israeli military and named after their chief of staff. Somewhat later in order to cut losses, the Israeli command withdrew the main part of the troops from the area of intensive shelling and launched massive air raids on the Egyptian positions.

The Syrian front was also active. The Palestinian resistance movement stepped up its action. "All this," wrote N. Safran, "required the Israelis to keep large numbers of reserves under arms, disrupted normal life routine, and created a sense of war all around, rendered much worse by its seeming endlessness."²⁷

As early as 1968, the Egyptian army began preparations specifically for its main objective: to liberate the Sinai occupied by the aggressor. "At his 25 November meeting with the Army commanders," wrote Heikal, "he [Nasser—*Authors' note*] told them that they would have to look forward to five years of concentrated training. At first, he said, he had been thinking in terms of months; now he had come to the conclusion that, with a miracle, they could mount an offensive in three years, but that all the facts pointed to five years as a more realistic estimate."²⁸

President Nasser was also devoting attention at that time to strengthening the general Arab front in order to use it in the fight to eliminate the aftermath of the aggression. Saudi Arabia, however, contrary to the decision of the Khartoum meeting calling for a consolidation of Arab unity, only made monthly payments to Egypt to compensate for the loss of revenues from the Suez Canal and did not maintain any other contacts with Cairo. The Egyptian President repeatedly tried to bring together the Eastern front, uniting Syria and Jordan as well as Iraq behind them, but with no appreciable results in Nasser's lifetime. Nasser's position in the Arab world was greatly strengthened by the May revolution of 1969 in Sudan where Gaafar Al Nimeri promised to lead the country along the path of progressive reforms, and later by the revolution of September 1 in Libya, that overthrew King Idris and brought to power a group of Officers-Unionists headed by Muammar Gaddafi, a supporter of Nasser.

But in all other respects, the prospects for strengthening Arab unity were not favourable. A regular summit meeting of the Arab leaders took place in December 1969. It failed and thus adversely affected the relations between Arab countries for the next four years.

The rulers of Saudi Arabia continued to eye with suspicion the friendly ties that existed at that time between the USSR and Egypt. The bad relations between the Saudis and Egyptians were exacerbated by reports about a plot discovered in Riyadh that involved Saudi air force officers who were later executed. At a meeting with Nasser in Cairo on the way to Rabat, King Faisal blamed Egypt for the plot although there was no proof. Nasser assured him that any operations of the Egyptian secret services against the Faisal regime had been stopped after the Khartoum summit meeting. Faisal refused to increase financial aid to Egypt. He used very strong language in Rabat accusing Gamal Abdel Nasser "of being insufficiently intransi-

gent toward Israel and of working in collusion with the Soviet Union to achieve a settlement", «29» writes N. Safran. According to Heikal, Faisal had earlier refused to take part in a planned summit meeting and sent a message to Cairo stating that he was only willing to attend such a conference provided "the UAR declares openly that it has abandoned all efforts to achieve a peaceful solution, is withdrawing its co-operation with the mission of Dr. Jarring and its acceptance of Resolution 242, and is prepared immediately to declare a Jihad /a Muslim holy war— *Authors' note / against Israel*". «30»

A crisis which, many believe, led to Nasser's early death broke out in August 1970. The scene was Jordan where the greatly strengthened Palestinian resistance movement had by that time practically won the right to a "military presence" and was carrying out raids against Israel from Jordanian territory against the wishes of the authorities, who did not like having armed forces independent of the central government inside the country. Jordanian officials were also afraid of Israeli military reprisals against Jordan. In September, the crisis developed into a fierce armed fighting with tanks and artillery in Jordanian territory. The fighting dealt a heavy blow to the Palestinian resistance movement. President Nasser immediately came to the aid of the Palestinians as an Arab force in the forefront of the fighting. Still weak after a long illness, he spared no effort to stop the conflict.

Nasser's death on September 28, 1970 was the final line on a glorious page in the history of the Egyptian people who had made great progress under his leadership toward political and economic independence. The experience of Egypt has been especially important for the national liberation movement of the Arab people and it is still important today even considering certain inconsistencies in Nasser's domestic policy.

The inability of the revolutionary leaders to elim-

inate the financial power and political influence of the classes which were interested in halting the progressive development of the Egyptian revolution should be regarded as the greatest error of the Nasser period. The enemies of the revolution managed to gain entrance to government circles and became the force which began to consistently carry out the restoration of capitalist order in Egypt. These anti-revolutionary elements have taken a course of collaboration with imperialism and accepted a defeatist settlement of the Middle East crisis to the detriment of the national interests of the Arab peoples.

Mohammed Anwar al-Sadat, who succeeded Gamal Abdel Nasser after his death, was born into a clerk's family in 1918 in the village of Mit Abu al-Kom, Kalyuhia province. After graduating from the Egyptian Military Academy, he served in the Signal Corps and infantry. Together with Nasser and Zakaria Mohiedin, he participated in the creation of the Free Officers movement that overthrew King Farouq in 1952. Before joining this organisation he was close to Misr El-Fatat, a reactionary in essence, though anti-British, bourgeois party, and to the Muslim Brotherhood also known as the Muslim Brothers, an ultraright religious organisation.

British researcher Richard P. Mitchell states that "Anwar al-Sadat, a member of the revolutionary group, was the officer with whom Banna /the leader of the Muslim Brothers—*Authors' note* / had his first meeting. Whom Sadat represented at that time is not clear, but he was in the army and refers to groups planning revolution. It seems highly unlikely that he had in mind the 'Free Officers' who became the rulers of Egypt... The two established a ready rapport and began a series of meetings which lasted for over two years." The author reports that later on "there was open talk of intentions and of uniting ranks for the common goal". Through Hasan al-Banna Sadat met

Aziz al-Misri, then a prominent officer in the Army, famous for his pro-nazi sentiments which he attributed to his desire to free Egypt of the British occupation. Mitchell directly points to connections of Aziz al-Misri and Sadat with a German intelligence network. The latter was arrested on this charge by Egyptian authorities in 1942.«31»

"Before and during the Second World War he /Sadat—*Authors' note* / was very active as an ardent nationalist... General Misri especially exercised a profound influence on the thinking of Sadat, as Sadat himself later acknowledged. Knowing that the young Sadat inclined toward the Muslim Brotherhood he had advised him: 'Be Muslim brother if that's what you wish, but don't leave it at that. Don't submit yourself to any system. Adapt yourself to all circumstances in which you may find yourself, and don't be glued to any theories. Attempt to combine a sense of religiosity with positive knowledge'. Sadat seemingly took this advice."«32»

After the victory of the 1952 revolution, Sadat occupied important positions in the state administration, headed the *Al-Gomhouria* newspaper, was the speaker of the National Assembly and later the UAR Vice-President, which was the reason why he was appointed acting President as provided for by the Constitution. Sadat did nothing of great importance under Nasser. He stayed in the shadows and was regarded along with Marshal Amer as an obedient executor of the orders given by the late President. "Although the offices which he filled under Nasser had some prestige, they were not and can not be regarded as high policy making positions,"«33» wrote *The Middle East* magazine. The promotion of Sadat to very important official positions after June 1967 can very definitely be attributed to the vacuum around Nasser created by the purges in Egypt's top leadership following the defeat in the war.

Sadat could safely be said to be a member of the

class whose interests he expressed and promoted. Henri Alleg writes in *L'Humanité*: "The newspaper 'Al-Ahram' (the government's official mouthpiece) notes that 'the business community is teeming with top officials: two former Prime Ministers, 22 former ministers, scores of directors of state-controlled companies, deputy ministers, etc. Most of the contracts are concluded through their offices and they also represent major international companies in Egypt'. The activity of this 'parasite bourgeoisie' as they are called by the Egyptian Left, creates practically no new wealth, or new jobs. These 'nouveaux riches' build not factories but luxurious apartments which they rent at fabulous prices to oil tycoons who come to enjoy themselves in Egypt. There are some people in the retinue of Sadat himself who have yielded to the temptation: Mustapha Khalil, a leader of the Arab Socialist Union /later Egypt's Prime Minister—*Authors' note* /... is the owner of a number of such luxurious apartments. ('This brings more profit than a factory,' an Egyptian journalist commented to me.) Boutros Ghali, the acting Foreign Minister after the resignation of Ismael Fahmi /and later of Ibrahim Kamil—*Authors' note* / is the proprietor of a chain of luxurious blocks of flats. But at the top of the list is Osman Ahmed Osman, who has the largest fortune in Egypt (they say it amounts to \$400 million). The Minister of Reconstruction and at the same time a contractor /Osman Ahmed Osman owns a contracting company, Al-Mukavilun al-Arab, one of the largest in the Middle East, with interests not only in Egypt but also in oil-rich Persian Gulf states—*Authors' note* /, he was particularly well placed to enrich himself. He is also important in politics... He has married his son (Hocine) to a daughter of Sadat.

"It is easy to see that these business circles which dream of larger profits have concerns other than a desire to defend the right of a Palestinian homeland or to preserve the independence of their own country." 34

To create a new political climate in Egypt that would help the rise of the new class, the country's leaders, after Sadat came to power, began strengthening their positions in the mass media, economy and politics through figureheads. They used private capital from Saudi Arabia, invited the Syrians who had taken their money out of their own country and wealthy Egyptians for the purpose. Instrumental in this process were Kamal al-Adham (then a special adviser of Saudi King Faisal and a top official of that country's security service), the Syrian capitalist al-Khashkaji, the above-mentioned Osman Ahmed Osman and Abu-Wafia, chairman of a committee in the Egypt National Assembly and husband of President Sadat's sister-in-law. Abu-Wafia patronised those persons whose property had been confiscated at the time of President Nasser. Al-Adham and al-Khashkaji helped reactionary Egyptian journalists who had fled abroad, such as Ali Amin, Ahmed Abu-l-Fath and Mustafa Amin imprisoned in the 60s as a British agent and then "rehabilitated", to return to Egypt. They all have been given important positions. (The *Al-Akhbar* newspaper, for example, was handed over to the Amin brothers.)

A "new group in the new class" had emerged in Egypt by that time—186 millionaires who had made their fortunes from military supplies during and after the October War of 1973. Thus material prerequisites were formed for political "liberalisation".

Sadat and his associates were fully aware that influential forces arising from Egypt's anti-imperialist and non-capitalist development during the years of the revolution were hindering the re-orientation of domestic and foreign policies. Thus, the top item on the agenda of the new leadership was the elimination of these forces. In the course of the so-called "corrective revolution of May 15, 1971" and under the pretext of the need to eliminate "centres of forces" that ostensibly had usurped power under Nasser,

all his leading associates who might be dangerous for Sadat were deposed and put into prison where most of them are still being held. A clear-cut plan for the "liberalisation" of the state's political and economic structures was worked out afterwards.

Looking back at the actions of Sadat and of the ruling clique as a whole, one can see a deliberate and consistent, rather than spontaneous (as is sometimes alleged), restructuring of Egypt's course to comply with standards of the West and of Arab reactionaries, whom Sadat intended to rely on. This was the essence of the planned change—to resolve the country's main problems in foreign policy, where the issue of occupied territories and peace with Israel predominated, and in the economy, where the problems were becoming more and more urgent. Inasmuch as Western countries, particularly the USA, would not accept Egypt's socialist development, the economy, consequently, should be shifted to capitalism so that Western capital could take a sufficiently active part in its development. The West rejected the power structure which had been built in Egypt under Nasser, so it should be made to look like "democracy", changed in a Western manner, and the country turned into an ideological partner and ally of imperialist powers.

The spectre of Sadat's predecessor, naturally, stood in his way as such measures were obviously contrary to all aspects of Nasser's ideological legacy, which formally remained the basis of Egypt's development and was formalised in many statutes. Therefore, as early as the first year of his rule, Sadat concentrated his efforts on breaking the aura around the image of Nasser and of everything he stood for. This process was immediately called "denasserisation" in the West. The most farsighted political observers had no doubts that Sadat resorted to these methods to enhance his prestige. The "denasserisation" involved, in addition to crude slander about Nasser (for example,

the charges that he secretly transferred state funds to his personal accounts; this produced such an uproar that the Egyptian authorities had to refute this dirty slander officially), attacks on the whole development of Egypt under Nasser, including measures of socialist nature which involved the nationalisation of foreign and large Egyptian private properties, industrialisation and even the construction of the Aswan High Dam. But actually this was the purpose of the crusade. Soviet-Egyptian relations were, naturally, the target of especially fierce attacks as they were closely associated with Nasser. Die-hard reactionaries in *Al-Akhbar* and such magazines as *Al-Mussawar* and *Akher Saa* painted dire pictures of the "harmful" consequences of the measures taken by the leader of the Egyptian revolution for the country's political and economic structures. "Portraits of Nasser rarely can be seen in Egypt nowadays," said *Der Spiegel* in 1975. "Traces of his revolution disappear even from street names. The longest bridge over the Nile in Cairo is now called Khediv (governor-general) Ismail Bridge instead of Al-Tahrir (Liberation). In 1956, Nasser supporters destroyed in Port Said a monument to Ferdinand Lesseps, the Frenchman who supervised the construction of the Suez Canal (this monument was regarded as a symbol of the economic enslavement of Egypt by the West—*Authors' note* 1. Sadat wants to open a museum to Lesseps." «35»

"A tomb of white marble laid in gold surrounded by white lilies already withered," wrote Abdelaziz Dahmani in his report from Cairo published by *Jeune Afrique* under the title "The Back Turned on Nasserism". "The final resting place of Gamal Abdel Nasser, guarded by two soldiers in olive green uniforms who yawn, each holding a red-and-blue flag, is almost deserted... Nevertheless, despite a formidable media campaign of 'new liberties', tending to portray Nasser as a terrible dictator responsible for all the misfortunes of Egypt and his successor as a universal

benefactor, Sadat has not yet succeeded in becoming popular with all the Egyptians." «36»

The new leadership of Egypt did its best to deepen the process of "denasserisation". It is typical, however, that Sadat tried to produce an impression of standing apart from this campaign of dethroning Gamal Abdel Nasser. In his autobiography (excerpts of which were published by *The Observer* in Great Britain) Sadat wrote: "Poor Nasser—he died without ever experiencing joie de vivre, his whole life consumed by hatred and tantrums. Anxiety gnawed continually at his heart, as he regarded everybody with suspicion. It was only natural, therefore, that he should bequeath a legacy of hate, both to his closest colleagues and to the entire population." «37» To all, but not to Sadat, of course. He continues: "Love became the fountainhead of all my actions and feelings. Armed with faith and perfect peace of mind I have never been shaken by the turbulent events, both private and public, through which I have lived. Love never let me down. Love always had the upper hand, as is shown by my relationship with Nasser. But the love I bore him never diminished." «38» The contrast speaks for itself: on the one hand, a tyrant nearly mad with hatred and, on the other hand, a man consumed by love for people. Sadat's autobiography entitled *The Search for Identity* was published in Egypt so that every reader could see for himself the "striking difference" between the human qualities of the two heads of state.

The economic and political "liberalisations" of President Sadat were two sides of the same coin, both interrelated and closely linked processes. As *Le Monde diplomatique* reported, "private capital wanted to have political guarantees and not submit any longer to the patron state." «39» The economic policy of "open doors" which provided many benefits for foreign capital to invest in all spheres of Egypt's economy without restrictions, enervating the private

sector and giving it command of the economy, dictated the political promotion of the propertied classes, particularly the "new class" which was in need of "self-determination", because it had no political identity until then. Therefore, the question arose as to the creation of political structures that would introduce a controlled "democracy", strictly proportioned for different groups of the population. Ania Francos, a reporter for *Jeune Afrique*, wrote in 1972: "If there has been a liberalisation of the regime, it is for the bourgeoisie. But not for the people." «40» It should be noted that before the war of 1973, only the prerequisites had been created for the economic and political "infitah" (open door policy). The two policies were formally organised later.

In 1974, having consolidated their positions well enough and having made sure that the ruling clique really intended to introduce changes, right-wing forces launched a drive in the press for implementation of a multi-party system in Egypt. Protected by changes providing journalists with "freedom of speech" the Amin brothers demanded in *Al-Akhbar* the return of the opposition and elimination of the one-party system because, in their opinion, if that system had been successful, the US and Europe would have approved of it. The above-mentioned Abu-Wafia took the initiative of returning to the multi-party system. As a relative of the President he was privy to inside information, and as an active member of the National Assembly he realised what forces would support the new measures. It was he who announced the creation of the first "platform" inside the Arab Socialist Union, which was called "social democratic". It was followed by a "liberal socialist" right-wing platform headed by Kamel Murad and the "national progressive platform" of the left led by Khaled Mohieddin, a prominent public figure in Egypt and one of the leaders of the Free Officers. There were about 50 such platforms reflecting a broad spectrum of political sentiments

by late 1975. But when another platform was announced of "socialist Nassrites" set up by Kamal Rifaat, a prominent statesman and public figure under Nasser, Sadat must have wondered where he belonged himself. He disbanded all the platforms leaving only three of them—right, left and centre—and later promoting them to the status of parties.

Sadat intended that all three political parties permitted by him were to act within the framework of present political principles not to be overstepped by anyone. Having dissolved the Arab Socialist Union, Sadat retained the ASU Central Committee as a power over the parties which was to supervise the parties and prevent any violations of official dogma and postulates. The ASU Central Committee was promptly nicknamed "the head without a body" but it kept a watchful eye on the parties to see to it that they respected the "sacred foundations" of the government.

The law on parties issued in 1977 determined the conditions for their establishment in Egypt, the main condition being compliance with the goals and principles of preserving the so-called national unity, social peace, socialist democratic system and socialist gains. In other words, parties were to be set up on the same basis as the ASU, which proved to be a political failure; they were to be loyal to the government's policy since any protests against it could be interpreted as a call to undermine the "social peace". The authors of the law stressed that a party cannot be class-based. The law also stipulated that the programme of any new party should differ from those of the existing ones. This meant that when the centre, which expressed government policy, usurped most of the political slogans from the Nasser period and actively manipulated them while in practice pursuing a policy opposite to the course of the late President, real Nasser adherents (the case of Kamal Rifaat) were automatically deprived of the right to found their party. To set up a new party, it was neces-

sary that signatures of 50 of the founding members should include at least 20 names of deputies to the National Assembly, while the methods of election to that parliament "allowed" it to have an opposition of only 35 right, left and independent deputies. The law severely warned against any attempts at illegal party activities.

The centrist "platform" and later the party created by the government had from the very start all the advantages of being the government's ideological instrument of power: unlimited funds, rooms for meetings and rallies, the opportunity to found a newspaper of its own and support of the press, including such major publications as *Al-Ahram*, *Al-Akhbar* and *Al-Gomhouria* (formally at the disposal of the ASU Central Committee) and having the "right" to express their opinions to all three platform-parties, that "right" being in fact non-existent for the left-wing. Moreover, the press essentially launched an unbridled campaign against the left accusing them of "godlessness", leanings toward "communism" and "Marxism", labelling them "agents of Moscow", etc. "The centre represents, in fact, government policy," wrote *Le Monde diplomatique*, "with President Sadat as its spiritual leader. Due to this fact ... the organisation disposes of all the facilities of the state machinery in the country at large. The influence exercised on the religious leaders who depend on the ministry of waqfs /in charge of religious property and other problems of religion—*Authors' note* /, on teachers and professors, on cooperatives and agricultural funds and on the omdah (village mayors) with the help of the media explains the adherence of many members to this platform. The centrist party advances left-wing slogans while pursuing right-wing policies. For example, its programme mentions protection of the government sector but the government, which had never questioned the government sector as such, in practice, totally deprived it of the leading role for the last

three years... In fact, the policy carried out so far by the government is more in keeping with the objectives proclaimed by the right-wing platform than to those declared by the centre."⁴¹ It should be added that the centrist party has long been headed by none other than the "chief policeman" (he was the Minister of Interior for many years under Sadat and then was made Prime Minister) Mamdouh Salem.

The right-wing Liberal Socialist Party (LSP) actually completely identified itself with the programme of the centre and demanded only more consistent implementation of measures associated with the economic infitah, which was avoided by the Egyptian leadership at certain stages for propaganda purposes. The party existed only at the level of its leadership and had no support whatsoever among the people. The political character of its top echelon was well demonstrated by a scandal in the LSP parliamentary faction which had tried to desert bodily, except for their leader Kamel Murad, to the ruling party. Sadat had to interfere himself in order to make the liberal socialists revise their decision and thus preserve this "opposition" in the National Assembly.

The left-wing National Progressive Unionist Party had four seats in the parliament and was a coalition of the left forces including Marxists, representatives of the left liberal-democratic wing and Nasserites who comprised up to 60 per cent of its members. The party's weekly *Al-Ahali* was the most popular publication in Cairo where not a single issue could be found even in the morning. It should be remembered that the authorities had deprived the left of access to the press. The *Al-Kateb* magazine was closed down, *Al-Talia*, a formerly serious political-economic journal of Egyptian Marxists, was totally "transformed" into a light-reading magazine and the management of the popular left-inclined *Rose el-Youssef* weekly was changed. *Al-Ahali* was repeatedly confiscated for sharply critical articles about

the government and was eventually closed down.¹

In 1977, a new party of neo-wafdist emerged on the Egyptian political scene. It followed the policy of Wafd, a party of the bourgeoisie and landowners banned after the revolution of 1952. The party relied mainly on feudals and landowners, on the politically backward peasantry who were dependent on them, and on the bourgeoisie of provincial towns, altogether a considerable force. The New Wafd easily found the 20 required deputies to the National Assembly for its founding members and met the other specifications needed for the party to be registered. Its programme was brought into line with the requirements of the authorities, though its reactionary essence had not changed since the time of its ban and was only a little flavoured with "modern" slogans. Supporting in general Sadat's policy, this party, nevertheless, became a "bete noire" for the government due to its odious nature and almost open ties with reactionary regimes. The society of Muslim Brothers also flourished in the sun of Sadat's political "liberalisation" though it failed to be officially registered as a party. The society openly published its newspaper, *Ad-Daawa*, and its members were included in the parliamentary faction of the centre as deputies to the National Assembly. The political influence of the Muslim Brothers was growing not only in the countryside but also at higher educational establishments. It is this society that was pushing the authorities toward the "islamisation" of social and political life, although the latter themselves made concessions rather easily. The Sadat government and forces to the right of it openly persecuted the left and progressive elements of Egyptian society regardless of the officially declared slogans of "democracy" and "liberalisation".

It is only natural that the "democratic experiment"

¹ After Sadat's assassination the publication of the paper was renewed with the permission of President Husni Mubarak.

of Sadat, so much touted by the Western press (which did at times recognise its defective nature) failed miserably. Trapped in the defeatist course, stubbornly continuing the open door policy which led to a maze of economic crises, the Sadat government was increasingly criticised inside the country. Sadat was almost totally isolated in the Arab world and was constantly under a Damocles' sword of popular unrest as broad sections of the low-paid population expressed their discontent with their lowered standard of living. Thus, on January 1 and 2, 1976, workers of Kheluan marched on Cairo protesting against the policy of shifting the burden of failed economic experiments to the working people. On January 18 and 19, 1977, an outburst of popular indignation grew to such proportions that the government used the Army to suppress the "rebels", for the first time in the history of the republic.

To counteract profound social upheavals on a national scale, President Sadat generally resorted to "the people's mandate" that allegedly gave him the "green light" for various anti-national measures. He used the instrument of so-called popular referendums, which were falsifications amazing in their scope and degree of deception.

The results of the referendums used to astonish even seasoned Western journalists. During a referendum in 1970 that confirmed him as the President, 711 thousand voters, or 10 per cent, voted against Sadat, but in 1976, when his term in office was prolonged for the next 6 years, allegedly only 5.6 thousand or less than 0.1 per cent did.⁴² In February 1977 during a referendum that was to empower the government to take emergency measures against the opposition and "rebels" who undermined the notorious "social peace", these measures were approved by more than 98 per cent of the voters! And meanwhile, according to very conservative estimates, 2 million Egyptian citizens had protested in the streets of Cairo,

Alexandria and cities of Upper Egypt only three weeks earlier. The referendum held in May 1978 is of special interest as it actually drew a line to Sadat's "democratic experiment" having demonstrated how groundless were the attempts of the essentially authoritarian government to adorn its front facing West with a fanciful stucco moulding of "neoclassical liberalism". This "national poll" was designed to give a carte blanche for suppression of any opposition to Sadat and his retinue, primarily from the left.

The voting-paper contained a question worded as follows: "Do you approve of the principles proclaimed by the President of the Republic on May 14, 1978, to defend the domestic front and social peace?" As *The Times* caustically noted, "the phrasing of the questions, which will be answered by an electorate with a high illiteracy rate, has left no room for doubt that the result will be a sweeping yes vote".⁴³ A day before the President's speech on May 14, the Prime Minister and head of the centrist party, Mamedouh Salem, attacked the left-wing forces accusing them of subversion. On May 14, according to *Al-Ahram*, Sadat demanded that Mustafa Khalil, first secretary of the ASU Central Committee, take urgent "legal measures" against the National Progressive Party (left-wing) on the grounds that it allegedly continued to employ methods of destruction and instigation threatening national unity and social peace. On the same day, the President's office issued an appeal to the people to vote in the referendum and cast an affirmative vote on the question. The appeal left no doubt that the referendum would be followed by a witch hunt, the persecution of left-wing elements, blacklisting on ideological grounds, and other reprisals.

Another issue of *Al-Ahali* was confiscated, and arrests of progressive figures began; the NPP leader and member of the National Assembly Khaled Mohieddin was subsequently deprived of his parliamentary

immunity, and vicious attacks on "communists", "Marxists" and "independents" followed one another relentlessly in the government-controlled press.

"The principles proclaimed by the President" were approved by 98.24 per cent of the valid ballots; 15 per cent of the electorate expressed their protest by boycotting the referendum, and in some Cairo districts, the absentee figure reached 30 per cent. In view of these facts, *The Times* expressed the quite justified opinion that "the referendum is apparently an attempt to restrain criticism before it gets out of hand, but in the view of some diplomats there is a real danger that introducing repressive laws could whip up opposition rather than quell it".⁴⁴

These words proved to be prophetic. After an analysis of the conditions and results of the referendum, Egypt's political opposition declared unequivocally that it would be impossible to exist under an overt dictatorship. The NPP suspended its activities. Sadat's "democratic experiment" had, obviously, ground to a halt because its creations—the centrist bloc, which was in fact right-wing, and right-wing "opposition" of Murad—were actually two sides of the same coin. Seeing that his experiment of reliance on the centre had failed, Sadat eventually decided in September 1978 to form his "private" National Democratic Party which nearly all the centre and some members of the New Wafd joined as if by magic, and thus ensured Sadat's new brainchild a majority in the National Assembly.

So the political sugar coating the bitter pill of the capitalist "open doors" economic policy which it had been hoped the Egyptian people would swallow, finally melted away in the heated atmosphere of class battles, exposing the reactionary meaning of the "infatih" and the damage being done to the economic structure by that policy.

"The infatih is a revision of the practices which have

existed for the last 15 years,"⁴⁵ said Sadat. What was implied? The right-wing writer, Ihasan Abdel Kaddus, described it quite frankly: "The urgent measures taken to enter the era of infatih appear to be political rather than economic. They mean a deviation from socialism and the introduction of capitalism. It is a rapprochement with the USA and a boycott of the Soviet Union, it is the transfer of state power into the hands of investors and the removal of that power from the hands of workers and peasants."⁴⁶

Although the author of this definition of the new economic policy used an expression like the "foreign economic occupation" of Egypt resulting from the open-door policy, what he said were simple statements of facts without any criticism or censure.

The era of the economic infatih began in June 1974 with the issuing of the law on foreign investment which allowed foreign and Arab capital to function in all the spheres of the economy without any conditions or restrictions and which even gave all kinds of privileges to private capital operating inside the country. The logical result was that the state-controlled sector was weakened and downgraded. This dangerous symptom meant that a door had been set ajar for the private sector to gradually seize command. Facts demonstrate that the infatih actually led to economic failures. A transition plan of "economic forcing" (1974-1975)—an analogy with the military crossing forced over the Suez Canal—failed because its targets were utterly impracticable, and served only to indicate to the public that the government was doing what it could. Besides, it had been frankly oriented from the outset toward investment from abroad (foreign investments accounted for 1,100 million E pounds of a total 1,466 million E pounds to be invested). "Instead of procuring the required capital and products via bilateral agreements with the socialist countries, socialist credits were frowned upon," wrote Foad Mursi. "As a result, the socialist countries contributed only

12.7 per cent of the foreign loans, while foreign exchange credits to buy goods amounted to 58.1 per cent and those in the distribution sector to 64.4 per cent. In other words, the plan was to receive 90 per cent of foreign funds from capitalist countries. That was the reason for the 1,344.3 million E pounds deficit."⁴⁷ And that was not the end of it. After Sadat took office, the ruling clique decided that Egypt could easily live on credit. This is what Mursi has to say about it: "The highest annual payments deficit did not exceed 200 million E pounds during the period following the war of June 1967 until 1972; that was thought to be an enormous figure then. This amount doubled in 1973, and in 1974 rose to 500 million E pounds. The latest analysis has shown that Egypt's payments deficit will reach the astronomical figure of 1.8 billion E pounds. The cost of imports will be about 2 billion E pounds, while exports will dwindle to less than 1 billion E pounds. And imports were 800 million E pounds just three years ago. Thus they are 2.5 times that figure now and nobody knows what the merchandise imports will be later on. Life 'on credit' resulted in growing payments. In 1974, Egypt had to import products worth 940 million E pounds through foreign loans at a colossal 19 per cent interest. The foreign debt increased even more. The interest payments were 352.8 million E pounds in 1972 and 457 million E pounds in 1973. A situation arose when in order to get rid of foreign debts, we had to sink even deeper ... into foreign debt!"⁴⁸

The Financial Times reported that by early 1977, Egypt's debt totaled 4.8 billion E pounds (\$12.2 billion) and the trade deficit dropped slightly to 900 million E pounds in 1976 as compared with the previous year's 1.1 billion E pounds. The newspaper wrote that President Sadat was optimistic to have named 1980 as a year when most of Egypt's economic troubles would be over. However, it was predicted that the payments deficit would be 1.3 billion E pounds in 1981 and would

rise to 3.3 billion E pounds in 1984. Citing Abdul Moneim el-Kaissuny, former Deputy Premier of Egypt and architect of the open-door policy, the newspaper went on to say that Egypt's payments deficit would average \$2.8 billion a year (!) between 1978 and 1980 but would be somewhat lowered owing to loans (i.e. debts that would have to be paid) to \$1.5 billion a year.⁴⁹

It was hoped that the *infatih* would attract foreign investment to the productive sectors of Egypt's economy. Did the architects of the *infatih* succeed? Here are several facts which give a sufficiently clear answer to that question. *The Financial Times* wrote that 605 projects for \$3 billion were approved for two years and a half, of which two-thirds were foreign currency. But, according to the first official report made public in late 1976, only 66 projects with a total capital of 36 million E pounds (i.e. small enterprises with an average capital of about 500 thousand E pounds) have been put into service. The production sphere still had few enterprises clearly profitable to the Egyptian economy.⁵⁰ Obviously, the highly-touted *infatih* created only new hardships for the working people instead of easing them: it helped to enrich only a few of the already wealthy, but practically failed to bring about any industrial growth.

The political line taken by Sadat since assuming power and until the 1973 war was oriented toward the oil-rich Arab regimes which were, consequently, financially powerful. This line stemmed from a definite political concept which the President had evolved.

One of its manifestations was the curtailment of relations with the USSR. The government-controlled press indulged in an openly anti-Soviet campaign, reviling every aspect of Soviet-Egyptian ties, including Soviet military and economic aid. Sadat made the insulting demand that the Soviet military experts invited by President Nasser to restore the fighting efficiency of Egyptian troops (and who fulfilled

that assignment quite well, as the October War of 1973 amply showed), be recalled from Egypt.

Egypt also turned its back on the progressive Arab community, as can be seen particularly well from the deterioration of Egyptian-Libyan relations. The revolution in Libya which brought the Free Officers-Unionists to power took place during the Nasser era, when the foundations of close collaboration between the two countries were laid. The name "unionists", obviously, implied that the new Libyan leaders wanted a union with Egypt in a form that would ensure transition in the foreseeable future to overall Arab unity on an anti-imperialist basis, which not only fell within the bounds of the principles of Gamal Abdel Nasser's ideological legacy, but would also be founded on major changes in the Arab world, the further separation of the progressive from the reactionary regimes being the most important. Muammar Gaddafi found it impossible to carry out his plan for the "nationalisation of the battle", i.e. the mobilisation of all Arab resources for a total war against Israel. This forced the Libyan political leader into a radical shift in thinking from "unity of ranks"—unification by all means despite the contradictions between "traditional" and revolutionary Arab regimes—to "unity of goal", i.e. unification of allies on a revolutionary and progressive basis. The Libyan press reflected the official point of view, strongly opposing any Arab regional alliance, be it the plans to establish the "Beneficial Crescent" (Iraq, Syria, Lebanon and Jordan), "Greater Syria", "United Saudia" (a union of states in the Arabian Peninsula dominated by Riyadh) or the "Great Arab Maghreb" (Morocco, Algeria, Tunisia, Mauritania and Libya).

What prompted the Libyan leadership to seek total unity with Egypt? There was, obviously, an entire series of political, economic, social and military prob-

lems. Rich in oil and, consequently, in money, Libya desperately needed to develop its economy which it could do only with considerable manpower resources. Its population was just two and a quarter million in the early 1970s, in a country of 1,760 thousand sq kilometres. Most were illiterate, engaged mainly in agriculture, or nomads. But Egypt had the manpower, immense by Middle East standards. The manpower surplus could have been used in Libya in the mutual interests. The Libyan republican regime's policy of inviting Arab—primarily Egyptian—experts to the country psychologically prepared Libyan public opinion for unification with Egypt: according to very conservative estimates, at least 200,000 to 250,000 Egyptians lived and worked in Libya. And Libya would have defended itself from external encroachments on its revolutionary gains by stationing Egyptian garrisons and inviting Egyptian military advisers. As for Egypt, unity would have given it access to considerable oil revenues and this, in its turn, would have allowed it to deal with many of its socio-economic problems.

Nevertheless, the Libyan leadership succeeded only in gaining consent to set up a Federation of Arab Republics, which was far from perfect and was doomed to failure practically from the outset because of the deep-rooted controversy with Sadat about ideological foundations of a unified state. Ironically, the final blow to Libyan-Egyptian unity were several documents proclaiming the principles of this unity and signed by Sadat and Gaddafi in Mit Abu al-Kom (Egypt) in August 1973. Without going into details it should be only noted that they were utterly out of keeping with earlier assurances of the two pledging sides to achieve "the total political and economic integration" of the neighbouring countries, and practically crased the very fact of proclaiming unity.

There is no doubt now that the collapse of Gaddafi's dream of uniting Libya with Egypt as a "core state"

was due primarily to their directly opposite strategic concepts of domestic and foreign policies, to their different approaches to a Middle East settlement, including the Palestinian question, and to their different visions of the future of the Arab world based on the unity of ranks—unity of purpose pattern. The 180 degree change in Sadat's views on unity with Libya was the result of several factors which thrust any benefits to be derived from rapprochement to the background. Among the factors were the mounting global energy crisis, the emergence of Saudi Arabia as a "great oil-exporting power", King Faisal's willingness to use oil as a weapon in settling the Middle East crisis and to put pressure on the United States to do so, and, finally, the fear of Faisal and other "traditional" Arab rulers of the consequences of any rapprochement between Libya and Egypt, principally because of Gaddafi's "ultra-revolutionary" views. Turning his back on unity with Libya thus fitted perfectly into Sadat's "new course" of rapprochement with reactionary Arab regimes and abandonment of an anti-imperialist policy in the Arab world and internationally.

Sadat considered an alliance with Saudi Arabia to be a "springboard" for developing relations with the USA, which had been in a state of deep freeze since Nasser. Riyadh's interest in Cairo was great and boiled down to the following: to tear Egypt, which was the most influential Arab power, away from the Soviet Union and thus inflict a blow upon the Soviet-Arab relations in general, and to isolate the country from progressive regimes in the Middle East and Africa and thus weaken the national liberation movement in these two interrelated regions. Attempts to attain these goals were initiated immediately after Sadat had assumed office.

Heikal wrote the following about the Saudi-Egyptian ties: "Relations with the Saudis were still fairly cool but, in the first half of November 1970, an attempt had

been made to improve them. Kamel Adham, brother-in-law of King Faisal and counsellor to him, with supervisory powers of the Intelligence Service and so one of the most powerful men in the kingdom, came discreetly to Cairo. He talked about the Russian presence in Egypt, saying how it alarmed the Americans, and pointing out that this was important at a time when the Saudis were trying to get the Americans more actively interested in the Middle East problems. President Sadat's answer was that Egypt depended on the Soviet Union for so much, whereas the Americans were providing Israel with everything it asked for, to the extent that during the war of attrition they had been able to bomb Egypt for seventeen hours consecutively. The President told Kamel Adham: 'I would not only bring in the Russians—I would bring in the devil himself if he could defend me.'

"But he added that if the first phase of Israeli withdrawal were completed he could promise that he would get the Russians out. Kamel Adham asked Sadat if he could pass this on to the Americans and the President said he could."⁵¹ This tell-tale piece of political opportunism by Sadat is extremely significant for understanding the entire future concept of "beneficial alliances", which was just being evolved then. To obtain this objective, Sadat showed he was willing to sacrifice the ideological basis of the 1952 Revolution, as well as the path of development that the country had very definitely chosen.

As Sadat saw it, there was an important obstacle to this policy being carried out: the Egyptian army was equipped primarily with Soviet-made weapons. It was also obvious to him that rearmament on so vast a scale with Western-type materiel was only possible with the aid of the USA, as the other major arms suppliers, like Great Britain and France, simply did not possess the industrial capacities for the task. Consequently, the United States was again the nut to crack, but Sadat could not hope to re-equip the army

with American weapons since the USA was unlikely to agree, whatever Cairo's guarantees might be, while the confrontation with Israel continued. Under the circumstances, the Egyptian leaders had no other choice but to turn to Western Europe. However, it did not resolve the problem as a whole because it could only "plug holes" in the growing need for arms as military relations with the USSR were being curtailed, and as it demanded enormous funds which Egypt just did not have. Saudi Arabia appeared as the saviour. Just before the 1973 war, Egyptian military experts had drawn up lists of the hardware required, and Riyadh undertook to order and pay for the lot. The weapons, particularly the French-made Mirage fighters, began coming in after the hostilities, but the ground for the breach with the Soviet Union had been prepared long before.

There was also an important shift in Egyptian-American relations. After US Mideast initiatives, like Secretary of State Rogers' mission, had failed, Sadat concluded that the Americans had no intention of helping Egypt in any way. Nevertheless, with Richard Nixon's victory in the Presidential election, Sadat sent his National Security Adviser Hafez Ismail to Washington in February 1973. The result of three long secret meetings with President Nixon's National Security Adviser Henry Kissinger, writes N. Safran, was that "Ismail quickly discovered that the United States, far from being prepared to do more for Egypt than it did in the past owing to Egypt's demonstrated willingness and ability to break away from the Soviets, was in fact disposed to do less. Kissinger, speaking for the President, indicated that, while the United States was eager to advance a settlement, it saw no use in taking any new, open diplomatic initiative, and considered that a solution must ultimately result from a dialogue between the parties themselves." In other words, the USA was pushing Egypt toward a separate deal with Israel

even then, in full harmony with the concept of "peace" preached by Tel Aviv. Moreover, Kissinger gave Ismail to understand that "in any case a return to the pre-1967 borders was not possible. In short, Ismail gained the very strong impression that the United States, while pursuing its own interest, had come to adopt a view of the Middle East situation and a conception of the way to resolve the crisis that were virtually identical to Israel's." Finally, Sadat's hopes for American aid were shattered by the results of Israeli Premier Golda Meir's visit to the USA on the heels of Ismail's. She left Washington with "a new contract to provide Israel with large amounts of additional high quality weapons, including Phantom and Skyhawk aircraft".⁵² But still, as Heikal points out, the beginnings of a foundation had been laid for cooperation by the talks between Ismail and Kissinger, who demanded that three principles should guide any future dealings: "Mutual confidence, 'no cheating', and complete secrecy".⁵³

Thus, finding himself in an impasse, Sadat certainly did not turn his back on the American version of a Middle East peace; he only concluded that Washington and Tel Aviv needed a bit of "shaking". In other words, a war was called for—and not necessarily a victorious war—to raise Egypt's political stock, since even a limited defeat would melt the "freeze", as the Egyptian press put it, and would stir the great powers, particularly the USSR and the USA, into more active diplomacy because of the danger that they would be involved directly in the conflict. And victory, even a limited one but involving recapture of an area on the Suez eastern bank in any case would greatly raise Egypt's international prestige. That was the kind of war Egypt aimed at. Naturally, it could not wage such a war alone, and, therefore, the so-called Eastern Front with Syria as its principal force had to be reactivated. Another important factor could be the changed attitude of Saudi Arabia and

other oil-producing Arab countries using oil as lever of pressure on the West in favour of the Arabs. As Heikal noted, there were no special plans to use the "oil weapon" but some propositions were drawn up by Mustafa Khalil, Egypt's Deputy Minister of Industry and Mineral Wealth.⁵⁴ The propositions were presented to King Faisal for consideration on October 8-9, were approved by him, and later were partially carried out. This was one of the reasons why the economic results of the October War proved to be more important than its strategic and tactical consequences.

The Arabian Peninsula and the Persian Gulf: Politics, Finance and Arms

This region includes Bahrain, Kuwait, Qatar, the People's Democratic Republic of Yemen and the Arab Republic of Yemen, the United Arab Emirates, Sultanate of Oman, Saudi Arabia and Iran. Iraq also has access to the Persian Gulf coast.

Saudi Arabia is trying to maintain the leading position in the Peninsula.

"In political terms, Saudi Arabia is an astonishing anachronism in an age dominated by the ideals of democracy and socialism," wrote *Time* in May 1978. "The country has not a single elected official, no parliament, no political parties. Absolute power is vested in the royal family, the House of Saud, a huge clan whose collective decision making provides stability for the country."⁵⁵

The House of Al-Sauds includes all the descendants of King Abdul Aziz and his five (ten by other estimates) brothers. "If Saudi Arabia is underpopulated today," *Time* noted with a certain degree of irony, "it is not the fault of Abdul Aziz and his descendants. The old lion begot 44 sons and an unknown number of daughters; Saud ibn Abdul Aziz, a son of the first king,

who succeeded him to the throne—*Authors' note* / had 52 sons and 54 daughters. All told, it is estimated that at least 2,000 Saudi princes, including sons, grandsons and great-grandsons, are descended from Abdul Aziz."⁵⁶ As the *International Herald Tribune* ⁵⁷ said figuratively, the Saudis imitate any company with a mob of shareholders—these are the multitude of princes and princesses. They have a board of directors which represents the various branches of the "company", i.e. the family and tribal groups wherefrom Abdul Aziz had taken his many wives. This "board of directors", called the Council of Elder Princes, makes the big decisions both inside the clan and on Saudi Arabia's domestic and foreign policies, and the "Chairman of the board"—the King—carries them out. But the Council of Elder Princes interferes in the affairs of the state only if for some reason the King is unable to make a decision himself, such as when he is opposed by members of the government—the princes of the ruling family—and always does so in delicate matters concerning the family hierarchy, such as the issue of succession to the throne.

There is not any clear and universal law of succession in the royal family. While, in the Ottoman Empire, the throne automatically reverted to the eldest brother after the monarch's death, and in Britain to the eldest son, there is a mixture of both in Saudi Arabia, with the Ottoman version clearly gaining prevalence. When King Abdul Aziz died in 1953 at the age of 73, he left the throne to his eldest son Saud, bypassing his surviving brothers. Saud ruled for 11 years, and proved to be a wastrel who was totally unfit for statesmanship. "Old King Saud, with such pet extravagances as his \$50 million al Nasrallah Palace complex (separate palaces for four wives, thirty-two mansions for concubines and thirty-seven palaces for select princes), almost managed to bankrupt the place. But that was before tight-fisted King Faisal took over... They say

King Faisal found \$100 left in his state coffers..."«58»

The story of Faisal is interesting, as it demonstrates the power wielded by the Council of Elder Princes. When it became clear that in addition to being incapable of ruling as head of state, his half-brother also wished to bypass him in the succession and give the throne to his eldest son, Faisal, then the Crown Prince, tried in the early 1950s to persuade the Council to hand over the Saudi crown to him. His request was denied and Faisal obeyed, but even so, in 1964 he ascended the throne. Saud was exiled to Greece and later moved to Egypt. When Faisal was assassinated in 1975, the Council again exercised its authority and insisted that Faisal's brother Khaled, sickly and uninterested in politics, although Crown Prince, be proclaimed King. He was preferred to Prince Fahd, universally recognised as an energetic and able man. Fahd was appointed Crown Prince and Deputy Prime Minister in the government now headed by the King himself. As things then stood in Saudi Arabia, it was obvious to all that Khaled reigned but Fahd ruled, although he did coordinate the most important decisions with the monarch. The Council went even further by appointing a "Crown Prince for the Crown Prince", an unprecedented decision. The Council named Abdullah, the sixth son of Abdul Aziz, who was appointed second deputy Prime Minister. After Khaled's death in 1982, the Council proclaimed Fahd the King and Abdullah the Crown Prince. That was a one-step shift in the higher hierarchy.

The Saudis' monolithic character as far as family interests are concerned is obvious both from outside and most likely in the inner hierarchy, where there is, nonetheless, an unseen secret struggle for power and influence going on between various branches of the House of Saud. There is good reason why the princes like to say: "I am against my brother, my brother and

I are against our cousins, and my cousins and I are against the rest of the world."

One other point of struggle inside the House of Saud involves the advocates of "slow" and "accelerated" modernisation rates of the patriarchal Saudi society. In its turn, this also involves the influential Wahhah priests in the conflicts, who stubbornly oppose novelties such as television, co-education, etc.

It should be pointed out here that the enormous oil revenues flowing into the state treasury belong to the royal family. And the princes have unlimited opportunities for enriching themselves even further. Linda Blandford, a British journalist who visited the Arabian Peninsula, wrote in her book *Superwealth: the Secret Life of the Sheikhs* about the distribution of oil dollars among the oil princes: "The al-Saud get first shot at all that money... Just how rich the princes get depends on what they decide to do with their lives. Some are only stinking rich; they drop out, draw their pocket money and do nothing. Others do nothing but they own land and have the sense to find business managers to capitalize on it for them. Some princes go into business secretly; some go into it openly. Others go into government, and some go into everything at once. As a result it's hard to work out who's making how much money, let alone for whom and from whom, but one thing's for sure! The sharpest al Saud men aren't merely stinking rich—they ooze millions."«59»

Proceeding from the premise that the country's oil wealth and, consequently, revenues are really inexhaustible, the Saudi brain trust has been able to afford to let in on this wealth not only the most distinguished families of Saudi Arabia, but also representatives of the middle class, drawing them into the category of the comprador bourgeoisie and extending the base of their own social support. People from this group are even allowed to participate in government, occupy official positions and hold ranks in the

army. The most famous of the privileged "commoners" is the Minister of Petroleum and Natural Resources, Ahmed Zaki Yamani. Western educated, he has proved to be a docile agent of royal oil policy under Faisal. It is curious how Blandford characterised him: "He is Saudi's Mr. Oil. Now almost a global piece of media property. Thousands of column inches report his every statement, foreign-affairs men pore over his every word with the dedication of code-breakers... 'Will he this, will he that'—and the irony is that Sheikh Ahmed Zaki Yamani can't move an inch on his own initiative without the King or Crown Prince's go ahead... He was a puppet; not the string-puller."

"And the other ministers? They nearly all come from merchant families made rich by swimming within the tentacles of the al Saud octopus." «60»

It should be pointed out that bourgeois democratic ideas are managing to penetrate into the country from the West in contrast to the astonishing anachronism which still exists in an age dominated by the ideals of democracy and socialism. Another factor is the expansion of the education system (including education for women) dictated, primarily, by the needs of economic development. According to the *Time* magazine, «61» the country has 30,870 students doing their higher education, two-thirds of them studying abroad (half of these in the USA). About a quarter of a million Saudi girls are now attending school, and there are 11,000 female students in higher education (half of them abroad). The consensus among most political observers is that Women's Lib is coming to this harem society. The working class is becoming a major social factor as it grows parallel to industrialisation. The country, where a census has never been taken and whose population is estimated at between 5 and 7.5 million, lacks the workers to fulfil quite extensive development plans, so it has to import immigrant workers from other Arab (Egypt, North Yemen and South Yemen) and Moslem countries (Pa-

kistan and the Philippines), and even from South Korea which is a rather large business partner and has close political relations with Riyadh. The foreign workers who remain outside the mainstream of Saudi life are, in fact, a ferment of social discontent. Yemeni workers are known to have gone on strike for better pay, while Filipinos, Pakistanis and South Koreans have protested against poor living conditions and low wages.

Saudi Arabia's concern for maintaining inner security is accompanied by a real obsession about external. Exact figures are unavailable but according to some estimates the Saudi army is about 100,000 strong and the National Guard has 41,000 men. Riyadh's military expenditures are enormous: \$6.7 billion (21.4 per cent of the entire state budget) in the 1975/76 fiscal year, about \$9 billion (28.7 per cent) in the next, and \$9.5 billion (30 per cent) the year afterward.

Arms purchases jumped greatly after 1973 as a result of the worsening Middle East situation and rising oil revenues. Saudi Arabia's main suppliers of military materiel are the USA, France and Great Britain. Between 1973 and 1976, a total of \$10 billion-worth of arms were ordered, \$7 billion from the USA, over a billion from France, and \$1.5 billion from Great Britain. Other Western countries, such as West Germany, Italy, Belgium and Switzerland, accounted for \$500 million. Naturally, the actual arms imports lag behind the amounts contracted for, but they are steadily growing in monetary terms, from \$118 million in 1973 to \$690 million in 1974, to \$1,270 million in 1975 and to over \$1,600 million in 1976. «62» From 1973 to 1976 alone, Riyadh bought 110 fighters of the F-5 family, 32 military transports of the C-130 (Hercules) type and four K-130 tanker-aircraft, 400 Huey Cobra fire support helicopter gunships, Hawk missiles for 18 batteries, about 400 M60 tanks, 1,400 M113 armoured personnel carriers, 200

Commando armoured vehicles, 350 105mm howitzers, and 20mm Volcano sextuple anti-aircraft self-propelled guns, 1,250 Sidewinder air-to-air missiles, 1,650 Maverick air-to-air missiles, 1,000 TOW anti-tank guided missiles, 4,000 Dragon anti-tank guided missiles, 100 Harpoon anti-ship guided missiles, 26 warships including guided-missile boats, and radar equipment, communications devices, vehicles and ammunition. But it should be noted, however, that a large part of this hardware has not been mastered and is rusting in military depots.

The foreign-policy concept preached by the Saudi ruling circles includes a theory of concentric spheres of interests in the modern world. The most important sphere covers the Persian Gulf and Arabian Peninsula. King Saud and King Faisal have made Riyadh a stronghold of reaction in the Arab and Moslem world, and the two monarchs tried to use their oil dollar-bloated treasury to put together a counter-revolutionary bloc of Moslem states. Moves toward a certain rapprochement between Riyadh and the Shah's Iran began in the late 1960s. The first specific steps were made under Faisal to reach a secret alliance between the two countries. "There is little tangible evidence of cooperation, apart from an Iranian loan of recoilless rifles and A.A. guns to Saudi Arabia," wrote the *New Middle East* magazine, "which may betoken further military cooperation. What is significant is the recognition of mutual interests and the commitment of the two monarchs to cooperate in furthering them. This cooperative spirit extends to OPEC negotiations on oil prices and government participation in oil production: a mutual anti-radical stance, domestically and externally; and a deeply shared concern for preserving stability in the Gulf by preventing a rise in Arab (Ba'athi) and communist influence there." «63»

The Saudi government faced difficult problems in 1968 when Great Britain announced that it would end

its military presence in the Persian Gulf area by 1971. Although this step was formally welcomed in Riyadh, it worried the Saudi leaders. "The political order in the Gulf during the last century has been maintained by British interest and control," said a thorough report entitled *The Gulf: Implications of British Withdrawal*. "In the very delicate balance of Gulf politics there are many claims that have been in abeyance for a long time without actually being resolved... The principal territorial claims in the Persian Gulf are those of Iran to Bahrain and certain other islands, Iraq to Kuwait and Saudi Arabia to the Buraimi Oasis which is partly in Abu Dhabi and partly in Muscat and Oman." «64»

After Britain left the Persian Gulf sheikhdoms, Riyadh decided to reinforce its rear lines of defence in the Arabian Peninsula: it relinquished its claims to the Buraimi Oasis, and settled its border disputes with Oman in the east and with Kuwait over oil-rich "neutral zones" in the west. The royal court patronised a federated state of the Persian Gulf sheikhdoms brought together under the umbrella of the United Arab Emirates led by Abu Dhabi, and did all it could to encourage the elimination of any centrifugal trends in the new state and to strengthen the government headed by Sheikh Zaid bin Sultan, the ruler of Abu Dhabi.

The second concentric sphere of Riyadh's foreign interests includes the rest of the Arab world, as Saudi Arabia is interested in the Middle East conflict in all of its aspects. In this area, the royal court consistently encourages moderate tendencies, for which it is highly appreciated in the US. The role played by the Saudi oil dollars and by King Faisal's services as a go-between in wrenching Egypt out of the front of progressive Arab countries has been described above. After the 1973 war, Riyadh did everything it possibly could to consolidate this trend, capitalising on every political and economic

mistake and each one of Sadat's many failures in order to bind Egypt, irreversibly if possible, to the interests of the imperialist powers and Arab reaction. It should be pointed out that this has been Saudi policy toward the entire Arab world, and not toward Egypt alone. Riyadh maintains very close relations with the Arab monarchic regimes in Morocco and Jordan and is encouraging capitalist and pro-Western trends in countries such as Tunisia, Lebanon and Sudan. Nor has it turned its back on progressive regimes, especially Syria, which is a country with no oil wealth and no surplus money. As far as Sudan is concerned, after President Nimeri's regime shifted to the right in 1972, Riyadh, both independently and in conjunction with Egypt, made itself a lever for intensifying every aspect of this process. While holding out the carrot of financial aid and supplies of Western—primarily American—arms to extricate Sudan, as its leaders put it, from the "hegemony of a single source of arms", the Saudi ruling circles also made use of the influence of right-wing Moslem groups which traditionally wield extensive political and social authority.

When it comes to the Mideast crisis itself, the terms of political settlement proposed by Riyadh are consistent enough and differ drastically from Cairo's defeatist policy of surrender to the Israeli diktat (the Saudis, for example, demand that East Jerusalem be returned and Arab sovereignty re-established). Saudi Arabia also demands that Resolution 242 of the UN Security Council be carried out in full, plus the establishment of an independent Palestinian state although at a certain stage it did support Sadat's idea of a confederation or federation involving the future Palestinian entity with Jordan.

The third concentric sphere is the boundless Moslem world, which is in fact global. The principal sources of Riyadh's influence in this community of politically diverse states are its unchallengeable reputation as

the heart of Islam, and its propagation of Moslem unity on a global scale. These ideological components are furthered by substantial material backing, principally financial aid to poor countries in Asia and Africa and to Moslem organisations in the West and Latin America. Riyadh has and continues to maintain close relations with Pakistan, as it threw all its weight behind Islamabad during the latter's conflict with India. The Saudis have done their best to develop ties with Indonesia, Bangladesh and the Moslem belt in Africa. Riyadh views the global Moslem alliance primarily as a way of resisting "communist penetration".

The extreme outer shell of the concentric spheres of Saudi policy envelopes the rest of the world, specifically the Western countries, and primarily the USA. Along with this, Riyadh is developing very close relations, especially in the military field, with Western Europe—France, Britain and West Germany—and Japan. Japan had been rapidly biting off a bigger and bigger chunk of the Saudi import market, and as early as 1970, replaced Britain as the second largest exporter after the USA, having increased exports to the Saudi market in 1972 to \$1.5 billion.

"It is Saudi Arabia's enormous and rapidly growing affluence and the oil reserves that produce it that primarily account for that nation's present and future importance," «65» said the *New Middle East*. And it is absolutely true that Riyadh's political weight has been increasing proportionally with its financial and economic power. The money surplus which began accumulation on the threshold of the 1970s, though then a drop in the sea compared to subsequent fantastic accumulations, has resulted in a considerable leverage for the Saudi leaders to put their foreign policy into effect.

Chapter IV

THE OCTOBER WAR OF 1973. ITS POLITICAL AND ECONOMIC EFFECTS

At 2.05 p.m. on October 6, 1973, 4,000 pieces of artillery concentrated on the west bank of the Suez and 1,500 guns on a narrow strip along the Syrian-Israeli front on the Golan Heights simultaneously opened fire on the Israeli military positions, while 300 war-planes attacked Israeli targets with hundreds of bombs and missiles. This was the beginning of what is called the October War, the Ramadan War (after the Moslems' holy month of fasting which fell that year in October) or the Yom Kippur War (the Day of Atonement celebrated in Israel and by the Jewish faith on October 6) which was an act of liberation by the victims of Israeli aggression. The objective was to free the Arab land occupied by Israel.

The limited scope of the Egyptian strategy visibly affected both the progress and results of the war, producing a military semi-victory or a semi-defeat. Success in the first five hours of hostilities when Egyptian troops, armed with Soviet weapons, crossed the Suez was obvious. Syrian soldiers fought splendidly on the Golan Heights. On the third day of the war the Egyptian army, according to Heikal, accomplished "the initial objective of the campaign"⁰¹ having secured a bridgehead 10 to 12 kilometres deep on the east bank. It became clear afterwards that Sadat had not expected more. Once they had consolidated this initial success, part of the

Egyptian force assumed a defensive posture and concentrated primarily on dealing with enemy attacks, initially feeble, but then building up to a fierce pitch. Whether Egypt's tactics were a blunder or had been planned is for military historians to decide, but there is a good body of evidence to show that the latter was more probable, especially as the turn of events, as confirmed by Heikal, had not been agreed with President Assad but had been allowed by Sadat unilaterally. The "operational pause" which the Egyptian President had forced on his Syrian allies "led to a fierce argument between the Egyptian and Syrian political and military commands".⁰² The Syrian command insisted that the Egyptian force continue moving forward toward the strategically important Mitla and Gidi passes in the middle of the Sinai Peninsula, while the Syrians on the Eastern front pressed the success of the initial days of the war in an attempt to reach the Jordan River and gain access to the Sea of Tiberias from the north. Only once these objectives were achieved could the Syrians allow the "operational pause" to be followed by political actions backed by the stronger bargaining position of the Arab side. The passivity of the Egyptian force placed the Syrian army in an extremely difficult situation because as soon as Israel had guessed Sadat's game and realised that the Egyptian force had no intention of moving any further, it concentrated its main efforts on the Golan front. The Syrian command's appeals for more action on the Egyptian front fell on deaf ears, and the Syrian army had to retreat under the pressure of considerably superior Israeli forces after exceedingly severe and bloody fighting. The last armoured reserves of the Syrian army which were concentrated to guard the capital had to be dispatched into combat.

It was not until October 14, when Israel had already shifted its manpower and materiel from the Syrian front to the Sinai, that the Egyptian troops began an

attack toward the passes. But the moment had been missed irrevocably, and having lost 200 tanks, the Egyptians abandoned any attempts to further step up action, especially as the Egyptian attack was disorderly and uncoordinated.«03» The military command in Cairo made another blunder by supporting this unprepared onslaught with two armoured divisions from the main reserve which had been moved from areas on the west bank of the Suez well in the rear, which protected the approaches to the capital. The Israelis soon received intelligence reports that the Egyptian rear had been exposed. Several days later they launched a counter-offensive and crossed the canal near Diversoire. This action was a military success, and had far-reaching political implications.

Following its policy of support for Israeli expansion, and to help reinforce Israel's military machine, the US Administration began operating an airlift to supply more modern arms to the Israeli army, which had lost a great amount of its hardware during the fighting and had practically exhausted its arsenal. "An air bridge capable of delivering nearly one thousand tons per day was now in operation, consisting of four to five flights of C-5s and twelve to fifteen flights of C-141s. El Al /the Israeli commercial airline—Authors' note / planes also continued to carry military supplies to Israel. In addition, twelve C-130 transports were flown to Israel and were turned over to the Israeli air force."«04» At about the same time, President Nixon approved and the Congress hastened to endorse an unprecedentedly large financial aid package of \$2.2 billion to Israel. The American weapons were sent to the theatre of war straight from the airfields and were an important factor in the success of the Diversoire operation which caught the Egyptian command napping. After penetrating between two Egyptian armies, an Israeli mobile detachment managed to seize a bridgehead on the west bank,

which ensured the crossing over the Canal, and held the area for several days. Armoured Israeli shock troop units quickly destroyed Egyptian rocket launchers deployed in a large area west of the Canal, thus freeing the hands of its air force. It then became practically impossible for the Egyptians to eliminate the breach made by the Israeli troops, and the Israeli army struck at the southern sector of the Canal, effectively cutting off supplies to the Egyptian army inside it.

Sadat's statement at the time that only three Israeli tanks had managed to filter through to the west bank was made only to cover up a gross strategic blunder. On top of it all, the relations with Syria, strained as they were, became even worse. Sadat presented a unilateral cease-fire plan to the Egyptian National Assembly without first coordinating it with his Syrian allies.

Tel Aviv's military and political situation improved considerably. On October 17, Secretary of State Henry Kissinger and President Nixon granted audiences to the Ambassadors of four Arab countries. They received the Ambassadors separately, and both unanimously assured them that they agreed to talks to establish a "just and lasting peace" in the Middle East. But the demand expressed by Saudi Foreign Minister Omar Saqqaf that Israel be forced to retreat to the 1967 borders as required by UN Security Council Resolution 242 even before peace talks started (and this was Sadat's proposal to the National Assembly) was not welcomed either by the Secretary or the President. Nixon was not ready to guarantee Israel's withdrawal to the pre-war borders, especially because he seemed to know what the Arab Ambassadors did not, namely that the military situation had changed to Israel's advantage.

Early in the morning of October 20, Sadat was invited to a conference of commanders of the Egyptian arms and services. Saad el-Shazli, Chief of the General

Staff, pointed out the danger of the situation on the west bank of the Canal and recommended that part of the Egyptian force be moved from the Sinai Peninsula to liquidate the extending Israeli bridgehead. And once again, Sadat committed a blunder that was to weaken considerably the Arab bargaining position at the subsequent talks and, moreover, to cost the Egyptian army unnecessary casualties. He rejected el-Shazli's proposal because he was afraid that the very fact of withdrawal of even part of the force from Sinai would tarnish Egypt's "prestige" and undermine its bargaining position with Israel. Sadat did not forgive el-Shazli for disagreeing with his opinion and dismissed him, later charging the General with personal responsibility for the Israeli breach in the Diversoie area.

Sadat informed Hafez Assad that he had agreed to cease-fire, giving his reasons as follows: "During the last ten days I have, on the Egyptian front, been fighting the United States as well, through the arms it is sending. To put it bluntly, I cannot fight the United States or accept the responsibility before history for the destruction of our armed forces for a second time... I am ready to face our nation at a suitable moment and am prepared to give a full account to it for the decision."⁰⁵ A relevant point here is that Sadat never did find that "suitable moment" "to give a full account", but reiterated the theme of "fighting the United States" again and again in his countless speeches in an attempt to justify the blunders of his military strategy. Anyway, a cease-fire was agreed to on October 22.

Henry Kissinger visited Moscow from October 19 to 22 to coordinate a draft resolution for the UN Security Council, which provided for an immediate cease-fire and a start to implementation of Resolution 242 of November 22, 1967. On October 22, the Security Council approved the Joint Soviet-American draft, and adopted Resolution 338. But, despite official gov-

ernment acceptance of the Resolution, the Israeli command treacherously violated it and tried to press its military advantage on the west bank of the Suez, to complete the encirclement and destruction of the 3rd Egyptian Army. So, on October 23, the Security Council had to adopt a new resolution demanding once again that the shooting and all hostilities end immediately, and that troops be withdrawn to the positions they had occupied at the time the previous Resolution 338 was adopted. The UN General Secretary was requested to send UN representatives to the area as soon as possible to monitor the cease-fire.

The resolute and strong stand adopted at that crucial moment by the USSR forced Israel to stop action. There can be no doubt that it was the atmosphere of international détente which helped to defuse the military conflict in a short time.

Before analysing the attempts to translate the results of military battles into political solutions, an urgent question has to be answered: who gained from the fighting? It is impossible to say who won the war—or that there can be no question—because the cease-fire agreement caught the sides in a stalemate. As estimated by the Pentagon, Israel lost a third of its 300 war-planes and about an equal percentage of its 1,500 heavy tanks plus 300 armoured vehicles.⁰⁶ Were it not for the American supplies, Israel would not have been able to continue the war any longer.

According to the well-informed American columnist Joseph Alsop, on October 12 Israel's Ambassador to Washington, Simcha Dinitz, "delivered an almost despairing personal message from Prime Minister Golda Meir" to President Nixon and Henry Kissinger. The message said that "without immediate, massive resupply, growing shortage in critical military areas would end by driving Israel out of the war."⁰⁷

Although Israel's casualties were far lower than those of the Arab countries, the per-capita damage in-

flicted on the Israeli army was immeasurably greater. The war was undoubtedly a psychological success for the Arabs. First, a degree of unity that had never been seen before was achieved, with troops from Sudan, Morocco, Jordan, Iraq and Saudi Arabia fighting alongside each other on the Egyptian and Syrian fronts, while military supplies were coming in from Libya and Algeria. Second, the myth of the "invincible" Israeli army, which Western propaganda and Tel Aviv had cultivated for so long, was shattered. Third, the concept of ostensibly safe borders for Israel has collapsed. Fourth, the oil embargo that was imposed by the oil-producing countries, albeit late, also played a part. It was obvious that the Arab side could resist Israel; the successful initial developments demonstrated that. But, unfortunately, the opportunities thus opened, as was mentioned above, had been missed.

On October 18, in the Blue Room of the Sheraton Hotel in Kuwait, representatives of Saudi Arabia, Kuwait, Qatar, Abu Dhabi and Iraq signed an agreement to halt all oil supplies to the USA, Canada, and the Netherlands, which they singled out as centres of support for international Zionism. They decided to reduce their joint oil production by 5 per cent, and to reduce it every month by the same percentage until the West compelled Israel to withdraw its troops from all the Arab lands occupied during the 1967 war, and until the legitimate rights of the Palestinian people were realised. Another decision that fell even harder on the West was taken a week later: oil production would be reduced in the following month (November) by 25 per cent of the September level. The American scholar W.B. Quandt⁰⁸ says that the United States was partially ready for this turn of events. Arab oil then accounted for only 10 to 12 per cent of domestic American oil consumption (or 5 per cent of its total energy requirements). A relatively small import readjustment and minimum

cut in the US oil consumption would make the embargo against the world's major imperialist power ineffective. The USA also had to consider the progressive reduction in the oil production by the leading Arab oil producers. It was recognised that the United States, as well as its Western allies and Japan would be seriously hurt were that measure to be carried through. President Nixon's energy adviser John A. Love and Deputy Secretary of the Treasury W. Symon were requested to devise a plan to offset the consequences of the increasingly declining oil supply to the world market. The industrial capitalist countries, obviously, faced a difficult dilemma, as their energy balance greatly depended on oil in general, and specifically on Arab oil.

Table

Oil Consumption and Energy Dependence of Major Oil-Consuming Regions of the West (9)

	Oil consumption in 1973 in mln bbl per day	Percentage of total energy dependent on petroleum	Percentage of petroleum dependent on Arab petroleum	Percentage of total energy dependent on Arab petroleum
USA	17.3	46	10	5
Western Europe	15.0	64	65	42
Japan	5.2	76	50	38

On November 7, 1973, President Nixon already took certain steps to protect the United States against the consequences of the Arab oil embargo and recommended a voluntary fuel savings programme to cut consump-

tion by 2,350,000 barrels a day. Europe also took fuel economy steps by limiting the petrol sales, prohibiting the use of private motor cars on Sundays, etc.

In turn, the Saudi leaders flooded the White House with messages and envoys making the same point: "We have enough revenue from oil and it is against our interests to increase production as you request; it is in our interests to keep it in the ground for future generations. In addition, we are under strong pressure from other Arab countries who insist that production be further reduced until you agree to help the Arabs to win justice."

The US answer was the step-by-step diplomacy of Henry Kissinger, whose objective was not at all to promote Arab interests. It became clear that this diplomacy was only a ruse to win time for the USA and Israel as well, which took a long time recovering from the political, economic and military effects of the October 1973 war.

The oil weapon could have proved quite effective. Influential American institutions like the National Petroleum Council, Pennsylvania State University and major oil companies estimated that the Arabs' planned production cuts would cost the USA \$49 billion in just one year, would drive down the gross national product by 3 or 4 per cent, and would increase unemployment to 6.2 per cent if fuel deliveries were cut down by 2 million bbl a day over that year. American officials and non-officials reacted differently: some demanded resistance to "Arab blackmail"; others requested a change of American policy in the Middle East toward a more balanced approach to its problems; a third group directly threatened the Arabs. US Senate Foreign Relations Committee Chairman William Fulbright warned that "the Arabs should be on their guard against the possibility that the United States, if sufficiently frustrated, would use its 'surrogates', Israel and Iran, military to occupy the Arab oil fields".¹⁰

Whether it was these warnings or any other reasons that influenced Saudi Arabia and other oil producers, in any case the Arab oil embargo was short-lived. Heikal wrote that "President Sadat and King Faisal were bombarded with telegrams and letters day after day from President Nixon and Henry Kissinger. It was impossible, they were told, for the American Government to do anything with Congress, the press, public opinion—or with Israel—unless the embargo was unconditionally lifted. Eventually they /Sadat and Faisal—*Authors' note* / felt obliged to comply but before any of their aims had been achieved."¹¹ The progressive reduction in oil output—the most dangerous decision for Israel's patrons and in fact the only effective lever of pressure, unlike the simple embargo threat—never happened.

On October 6, 1973—a sheer coincidence with the flare up of hostilities in the Middle East—a group of oil company representatives headed by Esso President George Piercy met in Vienna with OPEC to discuss another rise in oil prices. The oil companies knew that they would be asked to considerably raise the price they were paying for oil, and authorised their representatives to agree to a 20 per cent rise. But the OPEC figure was at least 2.5 times as much. No agreement was reached, and the company representatives left to report to their boards about the situation. That was the last attempt of its kind by the companies to agree with OPEC on base prices for oil. Since that abortive Vienna meeting the oil producers have set prices unilaterally.

Within ten days, the above-mentioned conference in the Sheraton Blue Room (with an Iranian representative present) decided to raise the price of what is called marker—the light Saudi oil used by the other producers for reference—from \$3.01 to \$5.11 a barrel. That decision drew the curtain on the era of cheap and universally accessible energy resources. Because

of the oil shortage caused by a drop in supply, the prices governed by market demand jumped to an incredible (for that time) level. The OPEC countries immediately took advantage of this at their Teheran meeting (December 23 of that year) and the official price for the marker was set at \$11.65 per barrel by the producers. In economic terms, there is certainly no doubt about the revolutionary nature of the dramatic increase in oil prices. On the negative side, it placed the balances of payments of various countries in an extremely precarious position. It was difficult going for some, and absolute disaster for others, primarily the developing countries. In the West, the price hikes spurred inflation, cut employment and increased production costs, which, in turn, hit hard at the unstable economies of newly liberated countries. In terms of problems discussed in this book, of special interest was the large outflow of capital from the industrialised capitalist countries to the oil-producing countries, and related objective economic and political processes.

The Teheran decision resulted in pushing up the revenues of the oil-producing governments from \$0.93 per bbl in 1970 to \$7 in 1974. And the increase in the oil producers' revenues climbed even higher as a result of their participating in Western oil operations as partners. Sixty per cent of the oil produced was eligible for this arrangement in 1974. In general, while the governments received \$7 from each barrel of the remaining 40 per cent of the oil, their share in the partnership 60 per cent of the oil which they resold to the extracting companies was \$11 per barrel after deductions. The average price of all the petroleum sold by the oil-producing countries was estimated at about \$9.33 per bbl. In fact, additional factors made the picture more complicated, and the producing countries did not receive the entire amount due, but revenues in terms of \$9 per barrel were always ensured. It should be taken into

account that oil prices did not change much during 1974 and 1975 and any increases at that time were aimed at maintaining the total revenues of the producers at the same level to offset the falling rate of exchange of the dollar, which is still used as the monetary unit in all financial transactions related to oil, and to compensate for inflation, the curse of the Western world. From December 1976 until early 1979, Saudi Arabia blocked any price hikes at all, ignoring the demands of the rest of OPEC members and, in fact, setting itself against the entire organisation as a whole.

The higher oil prices after 1973 set in motion two important trends. On the one hand, the West's increasing requirements for oil as an energy source and for recycling oil dollars to heal its economic maladies engendered by the energy crisis became painfully obvious. And, on the other, Western support proved to be vital for the ruling circles of some oil-producing countries who considered it the guarantee of the continued existence of their conservative regimes, of the supply of Western technology to accelerate their economic development and, finally, of the purchases of Western arms to protect their privileges. All this produced the idea that is currently popular in the West of an alliance between the "crusaders and Saladin" in their modern versions. And the imperialist states are quite open about who is going to head the alliance: Saladin is going to have to collaborate as a junior partner in stabilising Western economic structures and in creating an "invulnerable" system of protection for the oil arteries to carry this valuable energy source to the capitalist world if he wants to retain the fabulous wealth and privileges obtained under the wing of the "free world".

Stabilising the imperialist system economically also involves the important element of providing stable conditions for the developing countries embraced by it, countries which had been very badly hurt by the

energy crisis. "Compared with the high industrial consumers, oil import bills faced by the developing countries were fairly small rising from roughly \$4 billion in 1973 to \$12-15 billion in 1974. But it appeared that these countries would be able to meet only \$8 billion of the new bill through their export earnings and drawing on their reserves... If they were to avoid bankruptcy, a gap of some \$4-7 billion had to be financed directly or indirectly by OPEC."¹²

The liberated countries' bankruptcy, as capitalist strategists saw it, would be extremely undesirable because it would lead to a new spiral of confrontation between the developing and industrial worlds. The result would be a new crisis of the capitalist economy as a whole, the emergence of radical and revolutionary political trends, and the inevitable—according to the pattern adopted by Western geopoliticians—"expansion of Soviet influence" in the developing countries.

The strategic plans of the Pentagon and of the military in some Western countries point out that "the weakest part of the chain of defence against Russia anywhere in the world is the area between the Red Sea and Singapore".¹³ They refer to the "upheavals" in the area like the 1971 war between India and Pakistan, the treaty of friendship, cooperation and mutual assistance between the USSR and India, the emergence of Bangladesh, and the events in Afghanistan, all of which are portrayed as the results of mythical "Soviet interference". Washington and other Western capitals take great pains to permanently surround junior partners in the Near and Middle East with visions of these "horrors" compelling them to indulge in a senseless military buildup beyond their reasonable needs. The calls for an arms race in the Persian Gulf area sounded louder and louder especially after the oil price increase. "The other way the new wealth of the Gulf can help the Atlantic world," wrote *The Economist* unashamedly, "is by being spent at home for purposes that happen to dovetail into

Western purposes. This is a sensitive subject, and people in both the Gulf and Europe tend to tiptoe round it, but it is best to be blunt. The part of the oil money that is invested in armaments, at any rate the part invested by Iran, can fit in very well with the strategic interests of the Western world."¹⁴

As can be seen from above, the exchange of petrodollars for weapons has become one of the main channels for pumping back or recycling to the West the dollars paid for oil. This process greatly helped to repair the balance of trade and of payments of the Western powers, above all the USA. But the principal objective of the imperialist circles was to set up a system to protect their interests in the Middle East.

The Shah's regime in Iran agreed to become the American cop in the Persian Gulf. Israel had long been a bastion of imperialist interests in the Middle East, and Sadat's "new policy" enabled Washington to tie Egypt to the American Mideast wagon as a tracehorse. Western policy-makers had some hopes for Saudi Arabia despite its obvious military weakness. But in the American geopolitical plans Riyadh was considered as an invaluable ideological asset. Saudi Arabia was a tool of diverse influence on the developing world. First, it had a great capacity for proving financial and economic aid in combination with Western technology. Second, Riyadh was an exceptionally convenient re-exporter of arms to regimes whom Washington considered it awkward to give military aid directly. Third, Saudi Arabia could exercise a direct influence on young developing countries in the nonaligned movement. Fourth, the Riyadh rulers are official keepers of Islam's holy cities of Mecca and Medina. Hundreds of thousands of pilgrims from all over the Moslem world come there annually for hadj (the pilgrimage to the Kaaba, a sacred object for the Moslems). Most of the countries they come from are fertile soil for the Saudi religious hierarchy to seed the policies

it wants to pursue. The geographical boundaries of the world of Islam include practically all South Asia, South-East Asia, the Middle and Arab East, North Africa and a large chunk of African south of the Sahara belt; there are 600 to 700 million Moslems. It should be pointed out that until 1977, the ruling circles of Saudi Arabia had been quite willing to play the part. Moreover, the analysis of Riyadh's political actions makes it perfectly clear that the Saudi ruling circles see their role as global extending far beyond the borders of the Arab world.

However, one could sense that Saudi Arabia began to keep certain distance from the American diktat even at that time, especially in matters involving the Mideast conflict, which Washington tries to settle in favour of Israel and to the detriment of the Arab cause.

Chapter V

EGYPT VIS-A-VIS ISRAEL: SEPARATE BARGAINING

American Middle East policy between 1973 and 1977 was characterised primarily by unilateral attempts to impose a settlement on its terms, relying on the mounting "understanding" between Egypt and Israel.

There is no need to give a detailed account of all the ups and downs of the Mideast crisis after the 1973 war. The United States had to make a difficult choice. On the one hand, its "special relations" with Israel left it no alternative but to aid its battered ally and provide extensive military and financial assistance. On the other hand, the new situation caused by the oil embargo and rising oil prices dictated the need for a certain shift toward the Arabs. Under the circumstances, Washington played for time, fully realising that Sadat's erroneous political and military concepts blocked the Arabs from gaining appreciable advantage over Israel either on the battlefield or on the political front.

The years of 1974 and 1975 saw the step-by-step diplomacy of Secretary of State Henry Kissinger. The first Egyptian-Israeli disengagement in the Sinai Peninsula gave Sadat a small slice of the recaptured desert and resulted in a zone being established between the adversaries to be occupied by a UN force. Sinai areas

were declared zones of limited armament for both sides. On the Golan Heights, there was a disengagement of Syrian and Israeli forces. It is worth pointing out that the Egyptian-Israeli disengagement negotiations at the 101st kilometre of the Cairo-Ismailia highway were the first direct contact ever between Egypt and Israel.

The second stage in the process of disengagement came in September 1975 after Kissinger's continuing shuttle between the Mideast capitals. Sadat received another slice of the Sinai containing some oil-producing areas that Israel had seized earlier, but he was refused the strategic passes of Mitla and Gidi that dominated the peninsula. There was no new, or even symbolic, disengagement on the Golan Heights. After that, Kissinger's step-by-step plan which envisaged a series of mutual concessions, to be made primarily by the victims of the aggression, finally ground to a halt.

It was obvious to many Arab countries and progressive movements in the Arab world that under the guise of "step-by-step diplomacy", the United States was pushing Egypt toward a separate deal with Tel Aviv, assuming that the issue of the occupied Sinai was less difficult to settle than the other territorial problems of the Mideast conflict such as the Golan Heights, the West Bank of the Jordan, the Gaza Strip and, finally, Jerusalem. Kissinger believed that the Sinai Peninsula was the place where Israel was willing to try out, to a certain extent, its idea of "exchanging a bit of territory for a bit of peace". At about the same time, the signs of Sadat's backpedalling from the common Arab stance toward Israel were becoming increasingly clear and distinct, particularly on the exercise of the right of the Arab people of Palestine to establish their own independent state, and on the status of the Palestine Liberation Organisation as the sole and legitimate representative of the Arab people of Palestine, which was recognised by all Arab countries, including

Egypt. This backpedalling was not accidental. Israel, and the United States along with it, flatly refused to recognise the Palestinians' right to sovereignty, and considered the PLO to be a "terrorist organisation" which they would not deal with. But there was something else behind the issue: Israel and the United States followed by Egypt and Saudi Arabia, were afraid that "radicals" would gain the upper hand in the future Palestinian state and it would inevitably become a "base of Soviet influence" due to the USSR's principled stand on the question of support for the just aspirations of the Arab people of Palestine. The Palestinian Arabs became the most vociferous critics of Sadat within the National Front of Steadfastness and Counteraction following the polarisation of the Arab world resulting from his separate dealings with Israel. Washington, Tel Aviv and the Arab reaction saw the PLO as the hardest nut to crack on the way to Pax Americana in the Middle East. So, since the spring of 1975, the Palestine Liberation Organisation has become the target of a conspiracy to eliminate it.

The Palestinian problem grew into a separate and independent factor in the Middle East conflict in the decade between 1965 and 1975. There can be no lasting settlement without resolving this issue. The PLO is recognised by the United Nations, where its Executive Chairman, Yasser Arafat, addressed the General Assembly outlining its programme and informing the world public about the organisation's objectives, which Western and Israeli Zionist propaganda have cruelly distorted. A little earlier, at summits in Rabat and Algiers, the Arab countries recognised the PLO's exclusive right to represent the Palestinian people, while Jordan's King Hussein relinquished his claims to the West Bank of the Jordan as the territory assigned in 1947 by the United Nations for an Arab Palestinian state. It was a defeat for Sadat, who had deemed it fit to declare in a joint commu-

nique following King Hussein's visit to Egypt in the summer of 1974 that the PLO did not represent the Palestinian community in Jordan. That statement to which there was a strong reaction in the Arab world, made obvious Sadat's deviation from the common Arab position on the Palestinian question. As Sadat sunk deeper and deeper into the bog of defeatism during his separate dealings with Tel Aviv, he made one concession after another to Israel and the USA, primarily on the political and territorial aspects of the Palestinian problem, openly using Palestinian land he did not own to bargain for his mercenary aims.

This was reflected first in recognition of the allegedly special ties connecting the Hashimite throne of Jordan with the Palestinians, and in the call for the future establishment of a federation or confederation of the Palestinian state and Jordan which completely met the requirements of Israel as it struck the issue of an independent Palestinian state off the agenda. Cairo officials had renounced their former recognition of the PLO by the summer of 1977, and began talking about some mythical "representatives of the population" of the West Bank and Gaza Strip at the negotiations with Israel on the future of the Palestinians. Practically all the mayors of the Arab cities and towns in those areas had said that the PLO was their legitimate representative, so Sadat had practically nobody to count on in this case. Sadat let it be clearly understood during his talks in Austria with Shimon Peres, Israel's Labour opposition leader, that he would agree to territorial changes favouring Israel on the West Bank, the maintenance of the Israeli military presence, and even of the paramilitary settlements built by the invaders.

Sadat's actions were aimed at eliminating the political influence of the Palestine Liberation Organisation. And Lebanon has become the arena for physical pressure against it.

Lebanon in the Flames of Civil War

The well-known French journalist Eric Rouleau⁰¹ called Lebanon of 1975 "l'état hâlé" (outraged country). It was a good definition. This Mediterranean Arab country is a victim of imperialist intrigues which are still being felt throughout the Middle East. The tragedy of Lebanon is that it has been chosen by imperialism as the arena to buffet the forces of progress, especially as the country reflects in miniature all the processes which have occurred in the Middle East as a whole. The Palestinian problem, inter-Arab rivalry, Israel's annexationist aspirations for Lebanese territory, operations of Western agents, considerable left-wing influence, and, finally, glaring social contrasts were all factors which determined the acuteness of the confrontation in the country between reactionary pro-imperialist forces and the national patriotic movement in which there has been both covert and open interference by the imperialist powers.

The central feature of the obsolete system in Lebanese politics was the principle of confession-alism inherited from the early days of independence, which increasingly clashed with the interests of the Lebanese people. Instituted to try and take into account the country's diverse political and religious spectrum, the confessional system regulated by convention the participation of various groups in politics so as to avoid any sudden upheavals on class or religious grounds. Under the system, the presidency was assigned to a person from the influential Christian Maronite community which was not only the majority at the beginning but also had accumulated much of the national wealth, controlling real estate, banking, commerce and the key industries. The Prime Minister was always a Sunni, of the largest Moslem group, while the speaker of the Chamber of Deputies was always a Shiite, a poor

but numerous Moslem sect. All the other official positions down a long ladder of hierarchy were distributed similarly among the Druses, Allwites, Armenians and other minorities.

This system, which was faithfully adhered to for years, gradually but steadily grew to contradict the changing balance of forces. The Maronites ceased to be a demographical majority, although they still retained their financial and economic power, while most of the poor Moslem sections of the population, which made up 60 to 65 per cent of the total in 1963, were becoming pauperised. The hardships of the Lebanese working people in the "Arab Riviera" fuelled revolutionary sentiment, finding expression in the Communist Party of Lebanon, the Baath party, and other movements advocating socio-economic change in the Arab world following the example of the Egyptian President Gamal Abdel Nasser. These groups have been able to organise and to present a broad programme of social reforms and are an important anti-imperialist force.

The confessionalist regime formalising the obsolete clan-like structure of political relations became an obvious anachronism. The doors of parliament remained closed to important political forces; its legislative and political activities were directed at maintaining the power of the traditional political and religious groups. The contradiction between the semi-feudal confessionalist structure of power and the need for economic, political and social reforms determined the direction of developments in Lebanon after the imperialist fuse had blown it up.

The background of the Lebanese tragedy was the aggravation in the Middle East crisis caused by Sadat's efforts to join hands with Arab reaction and world imperialism. A point to underline is that the civil war in Lebanon came at the time of the second disengagement between Egypt and Israel in the Sinai Peninsula, which the USA helped engineer. The White

House then planned to continue the movement toward a bilateral deal on even more important political and military issues, that was obstructed by the same Palestinian problem. The United States, Israel and Sadat decided to cut that Gordian knot at one stroke and eliminate the Palestinian presence in Lebanon. "The 'scenario' drawn up in Washington was of Machiavellian precision," wrote Eric Rouleau in his analysis of Washington's plans. The intrigue had several objectives. In the short term, it was to preserve the "Kissinger peace" until the Presidential election in the United States, to distract those Arabs who might try to object to the order established by the Sinai accord between Egypt and Israel.

The second stage of the American "master plan": to have, in the medium run, the Palestinian resistance if not decimated, then at least weakened and reduced to such proportions that it would have to recognise the state of Israel before being integrated in the process of negotiations leading to a "Pax Americana". This scenario, Rouleau pointed out, would close with the creation of a "Palestinian province" (on the West Bank of the Jordan and the Gaza Strip) within an Arab entity or in a confederation. "This would remove the danger, feared by Israel, of an independent Palestinian state," stressed the journalist.⁰²

One immediate thing to be noted is that the presence of the PLO military formations in Lebanon was regulated by agreements between the Organisation and the Lebanese government.

The civil war which broke out in Lebanon should be regarded in the light of a secret plot against the Arab people of Palestine and their only legitimate representative—the Palestine Liberation Organisation. It is significant that the right-wing Christians in Lebanon, who had declared a crusade against the alliance of progressive and left-wing parties in their country, became a tool for provocations against the PLO as they tried to involve the PLO in a purely Lebanese conflict.

What made the right-wing Christians—Arahs by origin—take this position, voluntarily agreeing to undermine the common Arab cause? The stability of Lebanon had always been the Christian community's motto; it attracted enormous capital into the country's banking and financial sphere, thus enabling the upper crust to profit handsomely. Its class interests did not lie in Arab Lebanon at all. This orientation was bound to attract the Israeli leaders' attention. Israel's innumerable acts of aggression against the Lebanon southern borders, its raids on Beirut, on Palestinian refugee camps and on Lebanese villages had one underlying objective—to create an atmosphere of anxiety and insecurity in the country that would scare Western capitals away from Beirut, to drive a wedge between the Lebanese and Palestinians and to provoke a fratricidal war of Arab against Arab which, they thought, would do great damage to the progressive forces as well as to the PLO, and make it far easier, as a result, for Tel Aviv to establish control over its neighbour. The need for a Middle East settlement that would satisfy Israel, on the one hand, and would ensure the interests of the right-wing forces in the Arab East, renew the influence of imperialist powers and guarantee the Mideast oil deposits for them, on the other, was a fundamental factor in the determination of Arab reaction and Western imperialist forces to kindle the flames of the Lebanese war. The progressive regimes of the Arab world, principally Syria, had to be isolated for this purpose, and had to be divided to allow the plans to be carried out.

Lebanese reaction was well-prepared. At the dawn of the Lebanese war, the country had 15 officially known paramilitary organisations with a total strength of 150,000 with 300,000 firearms of all calibres at their disposal. Most were right-wing and ultraright groups: Maronite Phalangists from the Kata'eb Party headed by Pierre Gemagel; "tigers" of Lebanon's former reactionary president Camille Chamoun; the military

units of the Moslem Brotherhood, and extremists from the Front for the Protection of Cedar. They were commanded by mercenaries like Rene Godet, a Foreign Legion paratrooper who had fought in Korea, Indochina, Algeria and Congo.

The position of Israel deserves a detailed discussion. The Lebanese conflict developed under the sword of Damocles of direct Israeli intervention in affairs of that sovereign Arab country. Slightly later, Israeli military intervention became a fact. Israeli press reports between 1975 and 1977 indisputably show that the country's ruling circles were virtually itching to give direct military support to their right-wing Christian allies in Lebanon.

The newspaper *Yediot Achronot* wrote on November 2, 1976 that "the hour has struck for the Israeli army" and that "Christianity, the United States and Europe could weather the shock of the disappearance of Lebanon, but not of Israel". A little over a year earlier, in October 1975, Haim Landau, a Likud member of the Knesset, demanded that the Israeli army be sent into Lebanon "to prevent the Islamisation of that country". Nevertheless, Tel Aviv was clearly afraid of a negative international response to such a move, and decided against direct large-scale military intervention at the time, confining itself to supplying weapons and flexing its muscles.

In spite of the careful preparations for the civil war, the Lebanese right and their imperialist patrons were unable to crack the alliance between the PLO and the Popular Patriotic Forces. The Maronite community was equally unlucky with their plans for the partition of Lebanon which involved the creation of a Christian "state" in the Lebanon mountains and a Palestinian-Shiite entity in the south, with Beirut made a "free city". These plans harmonised beautifully with the designs of Washington and Tel Aviv because they made it possible to resolve the Palestinian problem in a way that would satisfy them as well as Arab

reaction, provided, of course, that the PLO was removed as the leader and legitimate representative of the Arab people of Palestine, and power given to those willing to collaborate with Israel. The Lebanon crisis suited Egypt very well because it distracted Arab public attention from its flirtation with Israel. Palestinian sources reported that Egyptian agents had a hand in upsetting the many cease-fire agreements concluded by the warring parties.

After the Arab peace-keeping force had been brought into Lebanon, a fragile peace was constructed. It established a certain status quo between the adversaries who were divided by Saudi, Sudanese, Kuwait and Syrian military contingents, the Syrians being most numerous and widespread. President Elias Sarkis began to form the central state administration and security service, and to rebuild the Lebanese army which had fallen apart.

The guns fell silent for a long time in Lebanon as a result of exceedingly intensive contacts between Arab countries to somehow provide help to ravaged Lebanon. The contacts were crowned by a summit conference in the Saudi capital of Riyadh in late 1976. Taking part were the leaders of Egypt, Syria, Lebanon, the host country, Kuwait, and the Palestine Liberation Organisation. Their actions to try and settle the Lebanese conflict were taken under the mandate of the Cairo conference of Arab heads of state that October. The Western bourgeois press interpreted the Riyadh meeting as a victory of "moderates" over "radicals" and as virtually amounting to the "taming" of the PLO and its involvement in the US-inspired "process of peaceful settlement". *Newsweek* of December 6 wrote that "realism and pragmatism have become the order of the day in the Arab world", and there was talk about a Cairo-Riyadh-Damascus axis.

The meeting in the Saudi capital was, in fact, a compromise of sorts. Syria, which had brought in its troops to prevent the direct entry of the Israeli

army into Lebanon as a result of the rapidly deteriorating situation of the right-wing Christians, wanted its action to develop into joint operations by the Arab countries. The rapid and tragic military developments in Lebanon gave the Arab states neither time nor possibility of putting together a joint Arab peace-keeping force; the Syrian contingents met the urgent requirements so Damascus was given the Arab mandate with no difficulty at all. The Lebanese leaders wanted more than anything else to have the situation stabilised, and there was a response to this desire from Kuwait and Saudi Arabia. As for Cairo, Sadat was principally interested not only in breaking out of the isolation he had found himself in because of his go-it-alone policy, but also in involving the other Arab countries in it as well.

Until November 1977, when Sadat launched his "peace initiative", Saudi Arabia's position had been determined by the country's traditional links with the West, above all the United States. The Saudi leaders had cherished hopes that Washington would finally respond to the just Arab demands and press for a settlement in the interests of the victims of the Israeli aggression. So Riyadh confined its policy to a wait-and-see posture, analysing the development of relations between Cairo and Tel Aviv, and supporting Sadat's efforts to some extent despite their results, which additionally disappointed the Arabs since Tel Aviv's stand did not change for the better as far as they were concerned.

The leverage used by Riyadh to influence Egypt as well as other parties to the conflict on the Arab side can be reduced to a formula used by Associated Press correspondent Elias Antar: "Speak softly but hold a fat checkbook." «03» The style of Saudi diplomacy, he wrote, was patience and insistency, no fireworks for the public but, in private, constant and hospitable arm twisting.

In other words, while it does grant rather extensive

but not at all disinterested financial aid to many Arab countries, Riyadh will deliberately slow down the speed that this assistance will be forthcoming with whenever any controversy crops up and patiently wait for the recipient, who finds himself in a tight spot, to capitulate and agree to the Saudis' terms. The country's state machinery even includes a special "arm twisting" agency: in addition to the Ministry of Foreign Affairs headed by Saud al-Faisal, a son of the late King Faisal, there is also the secret "Bureau of External Contacts" led by a great expert at settling conflicts, Kamel Adham. Adham, who is Saudi Arabia's national security boss and liaison man with the CIA, has become, according to *The Washington Post*, "one of the Middle East's most important businessmen, garnering commissions for the sale of Boeing and Lockheed aircraft, among other items, through a corporation controlled by his family and associates... Adham is a pivotal figure in Arab politics whose influence and business arrangements reach beyond the borders of his own country. He is extremely close to the Saudi ruling family on the one hand and to Egyptian President Anwar Sadat on the other" (it was Adham who was the first close associate of the Saudi leaders to contact Sadat immediately after Nasser's death). Adham is described in Saudi Arabia as a friend of America and as one of the shrewdest political operators in the Middle East. The newspaper points out that even in the 1960s "Adham carefully cultivated Sadat. An authoritative source who declined to provide any other details said that at one point Adham was providing Sadat, then Egyptian vice-president, with a steady private income."⁰⁴ So it comes as no surprise that Adham "does not like publicity" as he goes about his "delicate" business.

At one time, the Saudis certainly did count a great deal on the Sadat regime. They were helping to strengthen Egypt economically, but only as much as

was necessary for Egypt to keep its head just above the economic quagmire where it had been for a long time.

Time noted: "Without Fahd's /the then Crown Prince of Saudi Arabia—Authors' note / help, Anwar Sadat would probably not be in power in Egypt today. When Sadat's regime was shaken by food-price riots in January 1977, the Saudis and their oil-rich friends in the Gulf put together a \$4 billion aid package to keep Sadat afloat."⁰⁵ The Egyptian President wrung as much political capital as he could out of the events of January 1977 in his campaign. He went to the point of absurdity, portraying them as a "large-scale Communist conspiracy" against his regime. In addition to domestic political objectives, his message was addressed directly to the petrodollar rich countries susceptible to "Communist threat" paranoia in order to get new injections of money out of them. As for the January events in Egypt, according to *The Financial Times*, "these demonstrations represented a broadly based protest against the government's economic policies. It has seriously eroded President Sadat's position."⁰⁶ The Egyptian leadership which was entangled in the maze of infitah put itself in a ridiculous situation trying to somehow explain the reasons for the impasse.

Saudi money, therefore, was frankly a pay-off for the foreign and domestic policies of the Egyptian leaders.

In addition to providing funds, another lever of Riyadh's pressure on Cairo was the rearmament of the Egyptian army which, as mentioned above, was for a time financed by Saudi Arabia. It was only after he received assurances from Riyadh that Sadat proclaimed the policy of "diversification of arms sources". This much-touted policy was undoubtedly oriented toward Western Europe and its major arms manufacturers, France and Great Britain, because the United States had between 1975 and 1977 agreed to supply only six transport aircraft and a bit of auxiliary military hardware.

To implement the "diversification of arms sources" policy, the Arab Organisation of Military Industries (AOMI) was set up, to be financed by Saudi Arabia, Qatar and the United Arab Emirates, and with Egypt included as a "poor relation". Following the 1973 war, France supplied 28 Mirage fighters ordered by Saudi Arabia. Egypt's order for French armaments in 1977 also underwritten by Saudi Arabia amounted to F5 billion. It included the supply of 42 Gazelle helicopters equipped with anti-tank Hot missiles, radar stations and about 15 Mirage F-1 planes. AOMI, however, was not just a weapons-purchasing outfit; it had other far-reaching objectives, namely: to create in Egypt—the country with a more highly-skilled workforce than the other members of the organization—a modern military industry based on Western (mainly French) technology, whose products were to meet future military needs of the four countries. In the long run, Egypt's military industry was to produce aircraft equipment, missiles, tanks, etc. AOMI headquarters were in Cairo, and it was long headed by Nasser's son-in-law and then an associate of Sadat, Ashraf Marwan. AOMI assets were to ultimately reach more than a billion dollars. It planned to build factories in Saudi Arabia as well (to manufacture sophisticated electronic equipment), and technological cooperation was to include, aside from France, Great Britain, which had signed a contract with AOMI for the production of Lynx helicopters. Under these contracts, joint companies were to be set up, with Arab capital dominating in a 70:30 ratio.

It was announced in early 1977 that aircraft factories in Egypt would begin producing Mirage F-1 (which was the latest model of fighting plane adopted by the French Air Force) already in early 1980.¹

¹ AOMI was disbanded after Sadat concluded his separate peace with Israel.

What was Saudi Arabia's attitude at that time to the restoration of Egypt's military capability? How interested was it and its overseas patrons in the process? Saad el-Shazli, former Chief of the Egyptian General Staff and former Ambassador in London and then in Lisbon (dismissed in the summer of 1978 for his bitter criticism of the Egyptian President and his policies), said that Sadat's military policy reduced the army to 60 per cent of its 1973 preparedness. On the other hand, it is impossible not to notice that, along with a decline in fighting efficiency of the bulk of the Egyptian army, which was equipped with malfunctioning weapons and was receiving practically nothing more, the level of equipment of some of its units has risen sharply, as they were more than generously provided with Western arms of the latest types but in a limited range. A close look at Egyptian military "assistance" shows that Egypt preferred to act in such places as Zaire, Somalia, Chad, Sudan, Libya and Cyprus. The magazine *Middle East* reported that the Egyptian armed forces were indeed incapable of waging war against Israel but a portion of them was being turned into "a first-rate intervention force for use in Africa and the Arab world with the aid of Western arms suppliers and Saudi money". The magazine confirmed the direct connection of the decline of Egypt's military capabilities with "Sadat's post-1973 American strategy". Although Sadat's new allies in Western Europe and the USA were willing to sell certain kinds of arms to Egypt, especially if there was Saudi cash to pay for them, there was never any chance, the magazine wrote, that they would provide Cairo with the kinds of armament needed for fighting Israel. Saudi Arabia will pay for, and the Western arms producers will supply to Egypt, only those weapons which the armed forces could use for military aid or military intervention in the low-grade combat environments that prevail in the African-Middle Eastern region. "Egypt is effective-

ly creating a second, parallel armed force," concluded *Middle East*, pointing out that Riyadh was subsidising the Moroccan armed forces in a very similar role. The magazine also noted that all the armaments which Sadat was receiving from Western sources could not be used to alter the established military balance in the Middle East "but would greatly improve Egypt's capability for military intervention elsewhere". In short, Egypt was assigned "the entirely different role of gendarme of Africa". «07» *Le Monde diplomatique* wrote that "by announcing that Egypt would provide aid to the Air Force of Zaïre /during the Shaba conflict—Authors' note /, President Sadat opened a new chapter of his policy. And although this decision went against the anti-imperialist line affirmed by Egypt since the revolution of 1952, it was not an unexpected about-turn and conformed to the orientations already taken by the Egyptian head of state in other areas. It fits logically into a global process begun by the regime to satisfy the demands of its allies, the Saudis as well as the Americans." «08»

Another point of note is the oil policy of Saudi Arabia from 1973 until early 1979, i.e. immediately after the October War to the moment the Egyptian-Israeli peace treaty was signed. Even though more and more disgruntled with US Middle East policy, Riyadh was long reluctant to respond to the oil-producing countries' insistent demands for higher oil prices because it was attentive to the "welfare" of the West, especially the United States.

In the final week of 1977, *Newsweek* reported a sensational piece of news: a secret agreement between the USA and Saudi Arabia brought to public notice earlier by the specialised London-based journal *International Currency Review*. *Newsweek* wrote that high-placed Saudis outside the USA said that this agreement had been concluded under President Ford and confirmed by President Carter within three weeks after he had taken office. What was the agreement about?

The magazine also wrote that according to well-informed Saudis, the Saudi King promised to invest half of his country's oil revenues into continued American treasury bonds and to limit the oil price raise to 5 per cent until 1984 in response to an American guarantee of military aid against any threat that might arise. *International Currency Review* specified that these investments at 7.5 per cent interest totaled \$17.2 billion in late 1976. As for the commitment not to raise the price of Saudi oil, Riyadh was to prevent any increase whatever its OPEC partners might press for.

The United States thus ensured the recycling of half the Saudi crown's oil revenues and, besides, guaranteed a more or less tranquil period for itself without any dramatic oil price increases. It should be said immediately that, although there was no precise confirmation of the first term of the agreement—that half the capital received by the Saudi rulers would be rechannelled into the American economy—because of the veil of secrecy shrouding this side of Saudi activities, Riyadh's second commitment was visible to all: at the many subsequent OPEC conferences in Caracas, Doh and elsewhere, Ahmed Zaki el Yamani adamantly refused to sanction any increase in the price of oil until the end of 1978 despite demands by the other OPEC members.

The industrial capitalist countries certainly do depend on OPEC and Saudi Arabia for petroleum, with the latter its main producer. Although there are still attempts to conserve energy in the USA, these have not led to any decrease in the US dependence on imported oil from the OPEC countries.

The OPEC countries cannot help worrying about the decline of the US dollar. The oil price of \$12.7 per barrel stood approximately flat in 1977 and 1978 thanks to Saudi Arabia. And the OPEC members sustain considerable losses as they receive the thinner dollar in exchange for their petroleum. They lost \$14 billion (!) in 1977, with Kuwait's losses alone

exceeding \$1 million a day. Saudi Arabia was hit even harder, but still stubbornly refused to add its voice to the demands of the other OPEC countries that the oil price be adjusted accordingly or a different monetary unit be used in payments. OPEC was powerless to do anything without Riyadh. Saudi Arabia's production in the first half of 1976 was 8.2 million barrels a day, while the equipment was capable of providing 11.8 million barrels. In other terms, its idle capacity exceeded two-thirds of the Iranian oil output and the total output of any of the 11 other OPEC members. If, for instance, the OPEC countries were to ignore Saudi pressure and increase oil prices, Riyadh could dump a practically unlimited supply of cheap oil on the market and thus offset any attempts at bypassing it. And, conversely, any reduction in production by Saudi Arabia would inevitably lead to price increases, but the royal court swept aside any idea of inconveniencing its Western allies, particularly the United States.

But however close American-Saudi relations might have been, hanging over them was the sword of Damocles of possible military intervention by the world's major capitalist power in the oil-rich regions of the Middle East. Washington frequently let it be understood what might happen not only in the event of an "external threat" to the Persian Gulf area, but also if the oil-producing countries were to misbehave. Could this be the reason why the Saudi royal court scrupulously avoided everything that might cause any decline in the welfare of its powerful overseas partner?

"The Saudis' financial links with Western Europe are rock solid. The Riyadh government keeps huge cash deposits in British, Swiss and German banks and has invested an estimated \$20 billion in European real estate and business. The Saudis have also offered the French and Italians special oil-price discounts and loans. Their aim: keeping Eurocommunism at bay," reported

Newsweek. «09»

The 1977 Elections in Israel and the Mideast Crisis

Elections to the Knesset in 1977 brought the right-wing Likud bloc headed by Menachem Begin to power and ended the monopoly of the most influential and largest political group—the so-called Israeli Labour Party. The results were of tremendous importance for domestic political life and affected the prospect of normalising the Middle East crisis as a whole in one way—adversely. In their analysis of the domestic situation prior to the election, the voting pattern itself and its implications, Western historians tend to cite the main reasons for Labour's debacle as the sharp decline in the economic activity, rising prices and mounting inflation, plus corruption in the entire power structure of the Party and its government. There is enough evidence, however, to suggest that foreign policy issues were instrumental in changing voters' attitude to the country's ruling clique and its political platform.

On the Middle East issue, Israel's official Labour government emphasised its lack of any clear-cut platform which would define Israel's territorial claims and its demands of the Arab side. Nevertheless, some of the central propositions of the Labour cabinet's "peace plan" were known, and were overtly expansionist. The Jordan River was to be Israel's "security border". This interpretation enabled Tel Aviv to hold on to the West Bank by various means ranging from total integration into the state of Israel to making the area a kind of buffer zone of coexistence with the Arabs under all-pervading Israeli control. The frontiers between Israel and Jordan at the time of peace were to be agreed with Amman by direct negotiations. Tel Aviv refused to withdraw its troops from the Syrian-owned Golan Heights. Under the plan, the Gaza Strip was not to be returned to "foreign

control"; in other words, it was to be controlled by the Israeli army as suited it. The Israeli government insisted on outlining certain "defendable borders" for its state to disguise under this term the desire to expand its territory at the expense of its Arab neighbours. "Israel will not return to the lines that existed before the 1967 war," Premier Yitzhak Rabin categorically declared in March 1977.¹⁰ Tel Aviv's intentions were backed by the concrete expansionist actions of building Jewish paramilitary settlements on Arab lands, of which there were over 100 by 1977.

The Israeli leaders also attempted to settle the extremely complex issue of the future of Jerusalem, which is the holy city of three religions—Christianity, Islam and Judaism—in violation of the UN resolutions. Jerusalem was the capital of Israel and was going to remain so; it would never again be divided, and "internationalisation was totally unacceptable", concluded Rabin in July 1977.¹¹ Thus, the eastern (Arab) part of Jerusalem seized during the 1967 war of aggression was "united" with the western part, and the city was declared to be Israel's "eternal and indivisible" capital.

Tel Aviv's position on the Palestinian question was, in short, not to recognise the Palestine Liberation Organisation, to refuse to let the Palestinians return to their homes, thus condemning them to settling throughout the Arab world, and to refuse to respect the national rights of the Arab people of Palestine as such. Israel's former Premier Golda Meir did not recognise the Palestinians as a people at all. "Golda Meir, when asked what ought to be done about the Palestinians, essentially responded that there was no separate Palestinian people and that the Palestinians not only were included in the West Bank population then under Israeli control but also constituted a substantial portion of the population of Jordan on the East Bank of the river. She believed that the distinction between Palestinian Arabs on the West Bank and Jordanian

Arabs on the East Bank was artificial."¹² The Zionist Labourists based their Palestinian policy on this racist proposition, and rejected the very idea of an independent Palestinian state.

The new Prime Minister, Menachem Begin, had led for many years the right-wing reactionary Herut party and the Likud bloc built around it as the main opposition to the Labour party. A former terrorist leader of the commandos of the Irgun Zvai Leumi, which gained ill-fame for massacring the entire civilian population of the Arab village of Deir Yassin during the Palestine war of 1948 and for other similar feats, he holds extremist views on the way the Middle East problem should be settled. He based his election campaign on the issue of "Israeli sovereignty in the area between the Mediterranean and Jordan; Israel proper for the Israeli people". *The Jerusalem Post* of March 2, 1977 wrote about the Likud position in more detail: "Judea and Samaria /as the Israeli extremists call the West Bank—Authors' note / will not be yielded to foreign rule. Between the Mediterranean and the River Jordan there will be Israel Sovereignty only."¹³

Only the Democratic Front for Peace and Equality centred around the Communist Party of Israel, which had built an alliance with other left-wing forces, consistently defended in its election programme the only correct way toward a just and lasting Middle East settlement. The Democratic Front demanded Israel's withdrawal from all the Arab lands without exception and the creation of an independent Palestinian state as well as participation of all the parties concerned, including the PLO, in the peace process.

The election on May 17, 1977 resulted in Likud's winning the largest share of the popular vote (33.4 per cent) and the greatest number of parliamentary seats (43). Labour Party representation in the Knesset nosedived to 32 seats (24.6 per cent of the popular vote), while religious parties won a total of 12 seats.

The Democratic Front scored a great success, winning 5 seats.

When presenting the political programme of his government to the Knesset on June 21, 1977, Begin said: "Our prime concern is prevention of a new war in the Middle East. I call upon King Hussein, President Sadat and President Assad to meet with me—whether in our capitals or on neutral soil, in public or away from the spotlights of publicity—in order to discuss the establishment of true peace between their countries and Israel."¹⁴ On what terms? Begin's many statements prior to and following this speech contained no changes that could attract the Arab side. "Only a slight modification of the existing cease-fire lines" was his position on the future borders of Israel. On the West Bank: "I believe that Judea and Samaria are an integral part of our sovereignty. It's our land. It was occupied... It was liberated during the 6-day war ... and so it should be." Furthermore: "What occupied territories? If you mean Judea, Samaria and the Gaza Strip, these are liberated territories and an integral part of the land of Israel. Government shall plan, create and encourage urban and rural settlements on the soil of the homeland."¹⁵ The last statement reflects the essence of the Likud doctrine that settlement of the Arab territories is an inherent right of Israel.

It goes without saying that the Begin government rejected the very idea of recognising the PLO and the right of the Palestinian people to their own state.

The position adopted by the new Israeli leaders implied a military buildup in Israel and strengthening links with the United States as Tel Aviv's chief guardian in the international scene. Begin established personal relations with President Carter during his visits to Washington. There were no changes in the American-Israeli "special relations" once Begin had taken office.

So, as of mid-1977, the attempts from different sides

to find solutions for the Middle East crisis had failed. The position of the Arab countries and the Soviet Union which maintained the fundamental propositions of a comprehensive settlement was ignored by the United States. At the same time, Kissinger's previously mentioned step-by-step policy had ground to a standstill. The Geneva Conference on the Middle East could not be held because Israel rejected any possibility of sitting down at the negotiation table with PLO representatives. The situation in mid-1977 became even worse once the annexationist programme of the Begin government had been made public.

By that time, Sadat's leaning toward the United States had given Egypt one-ninth of the Sinai Peninsula which Israel had returned, and the vague prospect of future "progress". Israel retained eight-ninths of the Sinai, and the agreement's secret clauses on the demilitarisation of the returned territories excluded Egypt as a military force in any armed conflict in the Middle East unleashed by Israel. Cairo regained the Abu Rudais oil field in the Sinai, but it had been greatly depleted during the occupation by injurious exploitation. Washington paid Israel \$350 million to compensate for the return of the oil field.

In addition, Egypt pledged:

- to cease all hostile propaganda against Israel;
- to refrain from the use of force in settling disputes;
- to allow the passage of Israeli ships through the Suez Canal;
- to help lift the economic boycott of Israel by the Arab countries.

The Sinai agreement did tremendous harm to the Arab national liberation movement and seriously divided it. Cairo backed away from any cooperation with Syria and Jordan, while the concessions which Egypt was willing to make to Israel on the Palestine issue also came out.

Under the circumstances, there was only one inevitable conclusion to be drawn from any realistic

assessment of that stage of the Middle East crisis: only joint efforts by all the parties, including the two co-chairmen of the Geneva Conference on the Middle East—the USSR and USA—could get things moving again. The Soviet-American statement on the Middle East signed on October 1, 1977, providing for cooperation between the two great powers in that direction, appeared to indicate that Washington concurred with that assessment. But when it came to serious contacts, the Carter Administration proved to be an extremely unreliable partner. Within several days, an American-Israeli document was made public which crossed out practically all the provisions of the Soviet-American statement. This made the Geneva Conference impossible. The Middle East was on the threshold of a dramatic turn of events.

Chapter VI

US STAKES IN THE MIDDLE EAST: FACTS, ARMS, MILITARY PRESENCE

As of 1978, the US ruling circles accelerated direct efforts to implement their plans for imposing American political and military dominance over the entire Middle East region. The objective was the same: to ensure Western control of the oil sources in the Persian Gulf and other areas of the Arab East. But characterising the process of imposing a Pax Americana on the Middle East were factors which shattered the rigid confines of the political concepts devised in Washington for the Arab peoples, and which did not fit the procrustean bed of the American "peace" pattern. Among these regional factors were the unity of the Arab countries confronted by the tripartite Camp David deal which appreciably damaged Arab interests, the overthrow in February 1979 of the Shah's regime in Iran, which was chiefly relied on overseas as the Middle East policeman that could securely protect the oil routes in the Persian Gulf and the Indian Ocean, and, finally, the oil-producing countries' continuing struggle to maintain their rights and interests, reflected, particularly, by their increasing the price of the oil they sell. The Carter Administration decided to resist these processes, which had an adverse impact on the USA, in the Near and Middle East by increasing its military presence in the region. All the Middle East developments that followed were marked by

heightened aggressiveness of the leading imperialist power which is trying to attain its goals, disguised by the smoke-screen of anti-Soviet rhetoric and anti-communism, at the expense of the Arab and Moslem peoples of the Near and Middle East. Israel's Zionist leaders and Egypt, which the USA is using as the Trojan horse in the Arab world, are its tools.

Sadat's "Peace Initiative" and Its Consequences

The manager of Tel Aviv's Ben-Gurion Airport was flustered. The airport orchestra that provided ceremonial welcomes for foreign VIPs did not know the Egyptian national anthem. The manager was also supposed to have hundreds of Egyptian flags made to decorate the airport, but did not even have a specimen in his collection to copy from. Otherwise, he assured the press, Tel Aviv was ready to receive President Sadat as well as it would anyone, and were he to arrive by military plane he would not even have to pay the landing tax.

When, in early November 1977, Egypt's head of state announced that he was determined to go to Israel and address the Knesset in order to persuade the deputies that the Arabs wanted peace, he was making tremendous political blunders.

First, proceeding from his "cosmogonic" theory of Egypt as the centre of the Arab world (with himself as its head) Sadat thought that if he moved the country in a certain direction, Egypt's powerful attraction would draw the rest of the Arab world in the same direction, and it would willy-nilly have to agree, in the long run, to any Cairo-proposed terms for a Mideast settlement. But many Arab leaders took this decision to mean—and it turned out to be exactly that in practice—that in their unprecedented dealings with Tel Aviv the Egyptian ruling circles would be seeking principally

to set right their own problems and neglect the common Arab cause. This is why Sadat's "initiative" usually came up against a wall of incomprehension and, in certain quarters, outright resistance (by countries of the National Front of Steadfastness and Counteraction).

The Egyptian President's main trump cards in his "initiative" included the alleged attempt to break the "psychological barrier of hatred" which had poisoned Arab relations with Israel for 30 years. In his many television interviews and press statements, Sadat went as far as to say that the Arab-Israeli conflict, with its long history of aggression by Tel Aviv, with its hundreds of thousands of victims in Syria, Jordan, Lebanon and Egypt itself, and among the Palestinians, was 70 per cent psychological and only 30 per cent real.

Second, he utterly ignored the aggressive nature of Zionism as an ideology and its striving for territorial expansion, and tried to persuade the Arabs to take the Israeli slogan of exchanging "a bit of territory for a bit of peace" at face value. Having strained relations with the USSR and other socialist countries to the breaking point, having lost the support of most of the Arab countries, and unable to find alternatives to restore the fighting efficiency of his army as a force that would colour the peace talks, Sadat appeared to be the "naked king", a suppliant in the eyes of Begin and his associates, from whom everything could be obtained through pressure. His "initiative" led to a very deep split in the previously united Arab front, and made Cairo's isolation even more pronounced. The Egyptian President always said (specifically during his talk with American Congressmen on November 12, 1977) that Washington ostensibly held 99 per cent of the trump cards in the Middle East, thus reducing the role of the Arabs themselves to a minimum. «01»

"Sadat acted against history," stated Syria's Foreign

Minister Abdul Halim Khaddam in a *La Nouvel Observateur* interview. "Neither Egypt nor Jordan nor Syria can claim to represent the Arab world. And Sadat, on his own initiative, rent apart the Arab world. This is why he has since lost its confidence. When Sadat before going to Jerusalem came to Damascus, the discussion with Assad lasted seven hours. For seven hours, the Syrian President tried to dissuade him from making that trip and to convince him that Israel would come out of it strengthened. Sadat finally assumed the responsibility for going there—but committed himself personally: 'If I do not obtain the restitution of the occupied territories and the creation of an independent Palestinian state I will resign.' I point out that he has obtained nothing and that he has not resigned."«02»

Saudi Arabia initially responded to Sadat's "initiative" reservedly, although, in the best traditions of its diplomacy, it did not define its attitude clearly enough. The Arab press, however, was full of hints that Riyadh "did not approve" of the Egyptian President's unilateral actions and, moreover, intended to halt payments to Cairo under the financial aid arrangement. These reports were soon denied. Generally speaking, it can be said that Riyadh was on Sadat's side until the signing of the Camp David accords, hoping to persuade Washington to put pressure on Tel Aviv and to make it return the occupied Arab lands.

The deeper Sadat's "initiative" plunged into the quagmire of separate and meaningless talks, and the greater his isolation in the Arab world, the more Riyadh did to save the face of the Egyptian President. In May 1978, Saudi Arabia thought it appropriate to publicly declare its support of Sadat's initiative. Following King Khaled's visit to France, Foreign Minister Saud al-Faisal told a Paris press conference that "Saudi Arabia gives its total and unreserved support to the peace initiative of the Egyptian head of state who has exposed the hideous aspect

of Israel whose ultimate objective is to appropriate the Arab territories".«03» Along with this, Saudi diplomacy went to great lengths to get Sadat out of the frying pan. A "Committee of Arab Solidarity" was set up within the Arab League headed by Sudanese President Gaafar Al Nimeri who was tasked with finding ways of bringing the "prodigal son" of the Arab nation back into the fold so that he would not lose his prestige and not have to recognise the failure of his "initiative", as the countries of the National Front of Steadfastness and Counteraction had demanded. Although the Nimeri mission came to naught, some facts emerged which showed that Saudi Arabia had exerted growing political and economic pressure on Syria and Jordan to force them into a reconciliation with Sadat.

But the Egyptian President was not at all reconciliation-inclined. He simply decided to ignore criticism from the other Arab capitals. A further meeting with Begin in Ismailia marked a new stage of his betrayal, where Tel Aviv presented Sadat with an ultimatum in the form of terms for a separate peace. Sadat took the attitude of an offended party, and broke external contacts with Israel for a long time. But he had already been engulfed by the inertia of defeatism (and not by the "dynamics of the peace process" as Sadat himself claimed) when one concession followed another. This position made possible a meeting of the Israeli and Egyptian Foreign Ministers in the British castle of Leeds with US Secretary of State Cyrus Vance. When this also ended in deadlock, the US President called a tripartite summit at Camp David. The outcome was the notorious Camp David accords.

As reported by the American press, the Camp David epic by itself was a real "thriller". Matters went so far that Jimmy Carter, who so hospitably hosted Sadat and Begin, gave orders to his associates not to let the stubborn Egyptian government leader have a helicopter to prevent him from fleeing from the meeting. As a

result of two weeks of unprecedented arm twisting, Sadat virtually capitulated and signed agreements which did not guarantee Israel's withdrawal from all the occupied Arab lands, although they did specify the evacuation of the Israeli military and civil personnel from the Sinai.

The Camp David accords had extravagant titles: "The Framework for Peace in the Middle East" and "The Framework for the Conclusion of a Peace Treaty Between Egypt and Israel". Under the agreement, the peace treaty was to be signed within three months of Camp David, i.e. on December 17, 1978. Part of the agreements concerning a separate peace treaty was humiliating for Egypt. Running through it was the leitmotif that Egypt was the potential aggressor, against whom Israel had to be protected by a series of guarantees in the form of "buffer zones", "zones of limited armament", etc., all this relating primarily to Egyptian territory. The Egyptian President gave his consent to these humiliating clauses because in exchange he was to get—within the next three years—the entire Sinai Peninsula, though with limited sovereignty. It was an important trump card in the propaganda campaign launched by the official press to try and convince Egyptians that the Camp David accords were to their advantage.

Tel Aviv got what it wanted. The accords set the stage for a bilateral peace treaty with Egypt that would be concluded presently, while the clauses concerning the Palestinians were subject to future negotiations in which Israel would retain the right of veto. It was especially important for Israel that the peace treaty with Egypt was not to be linked to the results of negotiations in any other realm of Middle East problems.

It was at that moment that the words of PLO Chairman Yasser Arafat echoed around the world: "Sadat has traded Arab interests for a handful of Sinai sand." Whatever way one looked at it, the Camp David

accords were a conspiracy behind the 'Arabs' back. "The process for comprehensive peace laid out at Camp David," wrote the magazine *Foreign Affairs*, "depends for its realization on key actors who had no hand in the negotiation. The document itself invites 'other parties to the Arab-Israeli conflict' to adhere to it. How real was the hope that they would do so? From the standpoint of Egypt, it depends on whether Sadat looked upon the agreement as a solid basis for settlement, attractive enough to bring the other Arabs in, or basically as a gesture providing political protection for him to go ahead with a separate peace... If the Camp David accords fell short of what Sadat needed to attract the necessary minimum of Arab co-operation, then there was an obvious failure to prepare the ground and extraordinary miscalculation."⁴

Sadat's "miscalculation" had degenerated into a betrayal of the Arab cause.

Two very distinct orientations have emerged in the Middle East. The policy of the USA, Egypt and Israel of dragging out and complicating the Middle East conflict was opposed by efforts of the Soviet Union and most of the Arab countries which favour a comprehensive settlement. The objective of this policy is to eliminate the causes of the conflict and, to do that, Israeli troops have to be withdrawn from all Arab territories occupied in 1967, the Palestinian people must be granted the right to self-determination, including the creation of an independent state, and the rights of all states and peoples of the Middle East, including the state of Israel, to independent existence and development must be ensured. This policy implies resolving the Mideast issues as a whole and not in parts, and bringing all the parties to the Arab-Israeli conflict, including the PLO, into the quest for peace; it also implies that there should be no attempts by any single Arab country to find separate solutions, as these attempts are made at the expense of the other Arab states and the

Arab people of Palestine. But the US Administration relied on a separate process which not only led to a complete impasse as far as any comprehensive settlement was concerned, but also bore the seeds of a new military conflict.

Camp David and the policy it outlined toward a separate peace treaty between Egypt and Israel obviously confirmed what was being said all along: Sadat was going to surrender on Israeli terms in exchange for the return of the occupied Sinai. The rest of the Arab problems—the occupied Golan Heights, West Bank of the Jordan and the Gaza Strip, annexed Jerusalem, the creation of an independent Palestinian state and the exercise of the other rights of the Arab people of Palestine—were all subject only to Sadat's political manipulations which would give him the chance of posing as a "fighter" for the "common cause". But the Arab world responded to the betrayal in a way quite different to what Cairo and Washington had expected.

Revolution in Iran—a Blow to American Interests

On February 13, 1979, tens of thousands of Iranians held their breath as they listened to a statement of the Supreme Military Council broadcast by the Radio of the Islamic Revolution. Members of the Council included Qharabaghi, Chief of the Combined General Staff of the Iranian Armed Forces, commanders of the arms and services, and other influential military commanders. In emotionally subdued words, the radio reported that the army had proclaimed its neutrality in the conflict between the Shah's throne and the people of Iran.

This meant that the Revolution had won. The streets of the Iranian capital overflowed with laughing and dancing people. "We have won, the Army is with us," they repeated triumphantly. The Generals' decision

deprived Shahpur Bakhtiar, the Prime Minister whom the Shah had appointed to head the cabinet before he hastily left virtually in exile, of any political weight. Bakhtiar's job was to roll back the revolutionary tide by any means he could and maintain the monarchy by military force if necessary.

An anti-imperialist and essentially popular movement triumphed in Iran. It won contrary to the logic of the propertied classes, contrary to designs of the Shah's Western patrons, and contrary, it seemed, to the established balance of forces inside Iran. Iran had always been thought of in the West as a "safe" country with a "stable" regime. The powerful central authorities backed by an army estimated at 400,000—an enormous figure for a population of 34 million—armed with sophisticated weapons, by the omnipresent American- and Israeli-trained SAVAK intelligence and information secret service, which seemed to penetrate into every corner of political and social life and which was quite willing to use methods of investigation borrowed from the nazis, looked 100 per cent insured against any internal upheaval in the eyes of the West. Nevertheless, the Iranian people drove the monarch into a corner: within 12 months of the beginning of unrest in Kuma and Isfahan, within three weeks of the Shah's departure abroad "to rest", and within ten days of the moment when Ayatollah Khomeini, the leader of the political-religious opposition, returned after 15 years of exile.

The anti-Shah movement involved the broad masses, and that was the principal reason for the rapid erosion of the Iranian monarchy. It is why the revolution in Iran can be said to have been the cause of the entire nation, embracing all classes of Iranian society with their multiple life styles, except for the top bureaucratic and military hierarchy reared by the Shah, and a narrow but quite financially and politically influential section of the comprador bourgeoisie with close links abroad, especially in the United States.

The curtailed agrarian reform and transferring, via complex credit transactions, the exploitation of land earlier confiscated from certain feudals on the lines of American agribusiness which in Iranian conditions failed miserably, had caused agriculture to collapse, resulting in pauperisation of the peasantry and the migration of the impoverished population to cities. Accelerated industrialisation had increased the numerical strength of the working class, but it was still oppressed and deprived of all rights, including to organise. The intellectuals, who were closely watched by SAVAK, were in a state of continuous ferment. The wealthy and very politically influential Shiite clergy had actively opposed the Pahlavi dynasty since it had come to power. And, finally, the Shah's desire to turn the country into the "fifth great power" in the 1980s had made it American-oriented, and resulted in a massive inflow of Western culture with all its pernicious aspects, such as sexual permissiveness, drinking, prostitution, and the mass culture of brutality and violence. All this had clashed with the rigid puritanism of Islamic law and the universally accepted conventions and rich cultural traditions of the Iranian people.

Iranian revolution was unique in that it was carried out without violence by the people. The Shah's "peacock throne" collapsed practically without a single shot being fired, although the Shah's security service and the army had not spared bullets. In addition, the revolutionary movement had developed without any appreciable influence of the so-called Western liberalism.

The sources of the Revolution were undoubtedly purely Iranian, despite the attempts of the Shah and Bakhtiar, as well as some of the Western media, to attribute it to "the hand of Moscow". In this respect, it is impossible not to look at a very interesting aspect of the popular movement: the spontaneous action of the working people and other sections of

the population, though its overall development was influenced by the clergy. After the appointment of the anti-popular Bakhtiar government which had no real support and relied only on the army, a virtual dual-power system made its appearance in the country. Bakhtiar had to confront a situation in which all local government functions, such as food and fuel supplies, traffic control, court proceedings, etc., had been taken over by people's committees established as the Revolution gained momentum. Matters even reached the point that striking oil workers began distributing petroleum products themselves, ensuring that they reached the people, but withholding them from the armed forces and the central authorities. The US Administration had to help Bakhtiar, whom Washington saw as its saviour at that time, by supplying 200,000 barrels of kerosene and petrol every day so that government vehicles and military equipment would be able to operate.

The religious background of the Iranian revolution cannot be ignored. Shiite Islam is an exceedingly influential force in Iran. And the events in the country have demonstrated that the clergy cannot ignore the social changes demanded by time and history if it is to maintain its authority. There was no monolithic unity within the top hierarchy of the Shiite clergy. Some leaders, such as Ayatollah Khomeini, Shariat-Madari, thought it possible to compromise with the Shah and agree that the throne would survive in principle provided the Shah abandoned autocracy and agreed to a constitutional monarchy. However, as the anti-Shah movement gathered momentum, this group had to radicalise its views. In the long run, as the masses demanded, the Khomeini movement called for social justice, the regulated distribution of wealth, an end to corruption, and the freeing of the economy from external domination and its reorientation to meet the people's needs. Aside from their Islamic ornamentation, these demands were essentially anti-

imperialist. The question was how they would be put into effect. According to Seyyed Javadi, an influential Iranian figure close to Khomeini, "religious and political principles are not our goals, but they are a means of breaking away from despotic rule, corruption, oppression and dependence on foreign influence".«05»

The lessons of Iran are extremely instructive for the United States and for the West in general.

All US Administrations without exception usually regarded Iran from just two aspects. First, they were attracted by the country's strategic position along the southern border of the Soviet Union, as an advantageous bridgehead in a war and a convenient location for intelligence centres and for the AIBFCS electronic surveillance system totally accessible for the Pentagon's experts. Second, Washington considered Iran a guardian of US and Western interests in the Persian Gulf area and the Indian Ocean in its position as the second largest supplier of Midcast oil to Western Europe, Japan and the USA. Another point is that after the oil prices were raised four-fold in 1973, Iran became a preferred market for the USA to sell military, industrial and other products, helping the latter to improve its ongoing payments deficit.

President Nixon and his Secretary of State Kissinger encouraged the Shah's megalomania in his bid to become the head of the "fifth great power". Half a million foreigners, 45,000 of them Americans, were in Iran just before the revolution. In addition to the Americans, there were 30,000 Italians, 16,000 West Germans, 8,000 British, 7,000 Japanese and hundreds of French living in great affluence. "What head of state or minister did not return from Teheran announcing magnificent contracts?" asked the French *Les Echos*. "In 1972, Richard Nixon opened wide the doors for American armaments. In 1976, Valéry Giscard d'Estaing spoke about orders worth F40 billion for France.

Helmut Schmidt was not behind the rest. And Takeo Fukuda as well."«06» In other words, the "free-minded West" did all it could to collaborate with a regime stained with blood of the people it had murdered.

The events in Iran had far-reaching implications for the global economy, especially oil. The energy crisis which rocked the capitalist world in 1973 was the result of the imperialist powers' neocolonial robbery of the oil wealth of the developing countries, and of the unrestrained and often openly predatory squander of irreplaceable natural resources. The prominent Soviet oil economy expert B. Rachkov pointed out in *Pravda* of July 4, 1979 that considerable reserves of coal, combustible shale, oil, natural gas and raw materials for nuclear power plants had been prospected in the industrial capitalist countries. These reserves, estimated at a minimum of 420 billion tons in terms of oil heat capacity, exceed their total annual energy consumption by more than 100-fold. Nevertheless, for dozens of years imperialism preferred to prey on petroleum from the developing countries whose explored reserves are six or seven times less than the fuel resources of the West. And this approach still persists.

By the end of the 1970s, oil accounted for 48.7 per cent of the American energy balance. The USA, with six per cent of the world's population, consumed 30 per cent of all the energy generated in the world. Despite the measures taken by the President to conserve oil, consumption of petroleum products remained extremely high, amounting to 18.4 million bbl a day (18.8 million bbl in 1978). Only 10.2 million bbl a day were domestically produced, the rest was imported, primarily from the OPEC countries (1.4 million bbl a day from Saudi Arabia and 1.05 million from Nigeria, etc.).

The oil price increases compelled Western monopolies to make the imported oil cheaper for themselves by steadily increasing the price of manufactures sold

to the OPEC countries. This process, plus the decline of the dollar, ate up a big chunk of the oil revenues of the producers, who attempted to take measures to protect themselves against these neocolonial practices. But the United States managed to have the price of oil frozen at the same level of \$12.7 per barrel through direct pressure on some of the OPEC members, including Saudi Arabia. However, events in Iran dramatically reduced the country's oil production from 6.5 million bbl a day to half a million. Oil was in short supply, and demand skyrocketed. Under the circumstances, Saudi Arabia could no longer guarantee the same price level. In early 1979, according to official OPEC estimates, a barrel cost \$14.55, but in fact transactions on the so-called "spot market" included purchases of small quantities of oil at prices two or three times above the official limit. The following OPEC conference in Geneva in the summer of 1979 raised the base price of crude to \$18 a barrel. Some exporting countries sold their oil at upwards of \$20, capitalising on their geographical location and petroleum quality. Thus the "two-tier" price system came into being, which was in fact a compromise between what the Western press called the "hard liners" led by Libya, Iran and Algeria, and the "moderates" headed by Saudi Arabia. The bottom was \$18 per barrel, and the top \$23.50.

Ahmed Zaki Yamani did his best in Geneva to persuade the OPEC members to hold the price at \$18 per barrel. The compromise, with its two-tier system, demonstrated that Riyadh had lost a great deal of its former influence on OPEC policy. But another thing is also interesting. *Time* magazine said that one particular reason for the price hikes in Geneva was "the continuing fury of Arab states at the US's key role in arranging a separate peace between Egypt and Israel".^{«07»}

It should be noted that Washington's pro-Israel line even affected Saudi Arabia's oil policy. In fact, all the

Arab OPEC members took a similar stand. Together with Iran they accounted for 80 per cent of the organisation's total output. *The Financial Times* wrote that some secret agreement was reached at the OPEC session in Geneva to limit oil production in order to balance the market. The OPEC Deputy General Secretary, Fadzil el-Halabi, said that the restrictions imposed on oil production capacities in the Middle East should be expected to increase in time because the depletion rate in the region is considerably greater than the world average. The newspaper pointed out: "The rejection of the treaty by almost the whole of the Arab world seems likely to be reflected in Saudi attitudes towards the availability and price of oil. Worse, at some point in the not too distant future the world could see the Arab 'oil weapon' drawn from its scabbard again."^{«08»} Saudi Arabia announced a million barrels day increase in oil production after the victory of the revolution in Iran to 9.5 million bbl. At the same time, Kuwait, Abu Dhabi and Libya informed customers that they would gradually cut the rate of petroleum extraction as of 1980.

At the end of 1979, the oil-producing countries again raised their prices, most of them unilaterally: Saudi Arabia from \$18 to \$24 per barrel, and Libya to \$30-32. The average price of OPEC oil was around \$27 in early 1980.

The world market situation helped to dramatically increase OPEC oil revenues. Naturally, the Western industrial countries were bound to be concerned about the monetary situation and the continuing decline of the dollar. The Strasbourg summit meeting was dominated by the fuel crisis and its implications for the Old World. The EEC had 5.6 million unemployed and an average annual inflation rate of 8.5 per cent. Oil prices were only 30 per cent higher in mid-1979 than the 1978 level. The rising costs of importing oil naturally aggravated the economic situation. After much debate, the EEC leaders decided to freeze oil

imports for six years and to limit consumption to the 1978 level, i.e. 470 million tons, until 1985. The Common Market was going to spend \$54 billion on oil imports, but subsequent price increases made this figure impracticable.«09»

The heads of states and governments of the leading capitalist countries met in Tokyo on June 28 and 29, 1979. The sword of Damocles of higher oil prices hang over them. Not a single country of the West had honoured its commitment to reduce oil imports by 5 per cent, with the United States considered the worst violator (American oil imports were \$40 billion in 1978 and an estimated \$52 billion in 1979, but in fact even higher). Washington's selfish policy in resolving its energy problems angered both Western Europe and Japan. The outcome was a strong clash of interests at the Tokyo conference during the energy debate. A unified approach to energy issues by the West never materialised.

It should be noted that there were contradictions between the United States, Western Europe and Japan in their attitudes to the Middle East issue. The United States initiation of the separate deal between Israel and Egypt had resulted in strained relations between the West and the region's oil-producing countries. Washington was sharply criticised on this point. Western Europe, and particularly France at that moment, thought it necessary to recognise the right of the Arab people of Palestine to self-determination. Japan, which imports 99.8 per cent of all the oil consumed in the country, most of it—up to 80 per cent—coming from the Middle East, also shifted toward the Arab position. Nevertheless, it must be pointed out that under pressure from Washington, its West European allies and Japan even agreed to the openly anti-Arab measure of providing "emergency" economic aid to Egypt, which was ringed by a total economic blockade by the Arab states after its peace with Israel.«10»

The Tokyo conference declared a crusade against the OPEC countries, which it all but accused of trying to undermine Western civilisation and of seeking to enrich themselves at the expense of the industrial states and of the developing countries into the bargain. And there was the obvious attempt to put blame squarely on their shoulders for the energy crisis and the economic woes of the United States. More and more voices in the USA were calling for direct military intervention in the Arab world, and for the establishment of a special military force capable of a "quick reaction" to various changes in the Middle East, which would be used as a direct tool of blackmail against the oil-producing countries.

But the facts are that it is capitalism, the military-industrial complex and the entire system of relationships of the United States—the most voracious imperialist shark—with the developing countries, including oil exporters, which are chiefly to blame for the energy crisis in the USA. The hardships of the American tax-payer have been turned into a source of profit for the US monopolies. *U.S. News & World Report* wrote: "Exxon Corporation, the world's largest oil company, led off with third-quarter earnings /in 1979—Authors' note / of 1.14 billion dollars—a 118 per cent increase over the same period in 1978. Texaco, Inc., reported a whopping 211 per cent increase. Profits for Standard Oil (Ohio) leaped 191 per cent, Conoco 133 per cent, Mobil Corporation 131 per cent. Gulf Oil profits almost doubled, and Shell had a modest 18 percent."«11»

To sum up, one can agree in general with the opinion of many Middle East analysts that the United States' growing dependence on Middle East oil is bound to affect the Arab-Israeli crisis. It can safely be assumed that Washington, on the one hand, will be putting pressure on Israel (avoiding everything, of course, which could jeopardise Israel's

ill-famed "security") while, on the other, it will take great pains to divide the Arab countries, which reject the idea of Pax Americana in the Middle East, and to induce them to become part of the separate deal.

Deadlock of US Mideast Policy

"For the first time in a generation, peace in the Middle East has come within reach. President Sadat's visit to Jerusalem, and Prime Minister Begin's warm reception, opened the way. At Camp David, we then worked together to forge a political framework in which their differences can be resolved. Our negotiations are based on the idea that peace can only be achieved when we meet the legitimate needs of all who are affected by the conflict. Real peace will not come with a single treaty—important as that would be. But a treaty between Egypt and Israel is an indispensable step toward the broader comprehensive peace we all seek."¹²

This is what President Carter said before leaving on his Middle East tour on March 7, 1979, when it became clear after talks with Begin and contacts with Sadat that the Egyptian President had agreed to separate peace on the terms of the United States and Israel. When reading Carter's statement in retrospect, one cannot help feeling that they were dictated by pure demagoguery, so much did the realities of the Middle East developments following the peace treaty run against the letter and spirit of the American President's remarks. But Carter was also motivated by something else. Behind the extravagant rhetoric about peace and meeting "the legitimate needs of all who are affected by the conflict" (while totally ignoring the rights of all the Arab states and the Arab people of Palestine except for Egypt) were the rationalistic calculations of the many US politicians and experts who had carefully analysed

the Middle East situation in the light of the Iranian revolution and its implications for the notorious American interests in that area of the world.

So, on March 26, 1979, on the green White House lawn, Carter, Sadat and Begin signed the peace treaty in a pompous ceremony with a couple of thousand guests looking on. Several curious things happened. From the not-too-far distance came the noise of a large protest demonstration in front of the White House by Americans demanding that the national rights of the Arab people of Palestine be respected. It must have unnerved Sadat so much that he "mistakenly" skipped the very two paragraphs in his speech expounding Egypt's intention "to defend" those rights.

An analysis of the text of the treaty and related protocols leaves no doubt that Egypt abandoned its allies in the fight to overcome the consequences of the Israeli aggression in preference for getting the Sinai Peninsula back under its limited sovereignty on humiliating terms. This is formalised in Article VI (clause 5), which specifies that Cairo's obligations therein directly supersede Egypt's prior commitments under agreements with Arab countries on joint defence. Sadat also pledged, while Israeli still occupied the Sinai Peninsula, to ensure the "normalisation" of relations with Israel, including the establishment of diplomatic, economic and cultural ties. Meticulously following the letter and spirit of the treaty, Sadat fulfilled all these obligations by February 1980 despite the fact that Begin had never made any concessions, even as a placebo, on the issue of granting Palestinians the right to "administrative autonomy".

In exchange for this betrayal, Sadat was given two-thirds of the Sinai Peninsula along a line east of El Arish to Ras Muhammad. The complete withdrawal of the Israeli troops from the Sinai was carried out on April 25, 1982. The treaty deprived Egypt of the

right to deploy armed forces of any considerable strength near the Israeli borders or in the central areas of the Sinai, or to station any planes there other than commercial. Two air bases were constructed with the aid of the United States in the Israeli Negev desert, to control not only the entire Peninsula, but also the areas far beyond it. Egypt's first line of defence in the Sinai is located only 50 kilometres from the Suez Canal and the Gulf of Suez, and even these "defences", stretching almost 200 kilometres, were proclaimed a zone of limited military forces and armaments. This arrangement can be altered only with the consent of both parties; in other words, it precludes any Egyptian attempts to insist on its right to self-defence. And finally, the "document of peace" contains no mention of an Israeli withdrawal from the occupied Arab lands, in full keeping with Begin's official proclamations of refusal to withdraw to the pre-1967 cease-fire lines.

Claims by Cairo officials that the treaty was "geared" to a settlement of the Palestinian question were completely disavowed by the way of subsequent talks on "complete autonomy", which in itself did not meet the demands of the Arab people of Palestine for an independent state.

The Middle East "peace" imposed by the United States was the result more of economic and socio-political upheavals in the region than any "rapprochement" of Cairo and Tel Aviv on the "peace process". The parties to the deal were motivated by their particular selfish interests which were light-years removed from an all-embracing peace.

The revolution in Iran plunged Washington officials into a state close to panic because it not only deprived the USA of a reliable cop in the Persian Gulf area—a role the Shah was willing to play—and brought down the edifice of the aggressive SEXTON pact that had been erected with such loving care, but also contained the seeds of future storms which

threatened to sweep away the entire intricate network of military commitments based on the USA's "special relations" with certain countries in the Near and Middle East. All this compelled the United States to seek out urgently and in great haste a new Middle East policeman to replace the Shah. The American ruling circles' fears that the "Iranian precedent" could spread to many countries which were still "safe" for Washington made President Carter give his closest attention to the separate deal. The fall of the Shah left only Egypt, Israel and Saudi Arabia as building blocks out of which the United States could build a new military edifice. And when Riyadh indicated, following a visit by US Defense Secretary Harold Brown to the Middle East, that it was not overly seduced by the overseas plans for a system of Mideast security, no alternatives were left. Washington decided to emphasise the Cairo-Tel Aviv axis after making its Middle Eastern allies—primarily Sadat—renounce their quarrels, which American diplomacy felt inappropriate under the circumstances.

Sadat's considerations which led him to the peace treaty are easy to decipher. On the one hand, the nearly total isolation he found himself in in the Arab world after the Camp David accords forced him to cling to the hand extended from overseas; on the other, the Egyptian regime regarded events in Iran as an ill omen for itself, and sought to hide under the USA's military and political umbrella. And Begin turned Cairo's political depression and uncertainty after the loss of the Shah—Sadat's ally—to Israel's advantage.

Thus, Washington's brainchild—the separate peace treaty—was forged on the only possible basis where the interests of the three parties concurred. For them alone, and nobody else. But it was being offered as a basis for peace negotiations between the Arabs and Israel. What was in it for the Palestinian Arabs, Syrians, Jordanians and everyone else?

The Palestinian problem is the essence and core of the Middle East crisis; whether peace is to be or not to be in the Middle East depends on its solution. The Palestinians' demands are clear: the inalienable rights of the Arab people of Palestine, including their right to their own independent state, must be respected. It is obvious, however, that Begin agreed to Sinai being returned to Egypt under the peace treaty with quite definite aims in mind. His prime objective was to wrench Egypt out of the joint Arab front of resistance to Israel—which he achieved. His second objective was to free his own hands for the annexation of the West Bank and Gaza Strip to prevent a Palestinian state from being established there. Begin's so-called "administrative autonomy" is not a step toward an independent state system for the Palestinians but a series of measures to ensure that the Palestinian people do not realise their legitimate rights. The Begin Plan provides for the continued settling of Jewish colonists in the two areas, and this plan is being consistently implemented. Tel Aviv retains the functions of "security and defence" of the areas; it will control part of arable land and all the water sources on the West Bank and Gaza Strip. The regime of overt occupation is to be replaced with a regime of "covert occupation" once the Israeli troops are redeployed from cities to what are called "reinforced areas". The entire pattern of this "autonomy *a la Israelien*" corresponds to the long experience of assimilation of Arab territories: appropriation of Arab land by any means ranging from purchases to expropriation, its allotment to Jewish settlers, and then annexation under the pretext of "protecting" civilians. Tel Aviv has already stated officially that once the five-year autonomy agreement expires it will proclaim sovereignty over the areas.

The talks on this issue between Egypt and Israel under the benevolent eye of the United States in El Arish, Beer Sheva, Alexandria, Hertzlia and other

places showed that Sadat intended to announce the sale of something he never owned—the legitimate right of the Palestinian people to determine their own destiny. Pressed by the United States, in Alexandria, the Egyptian delegation even went back on an earlier demand obviously made for pure propaganda that a joint declaration of some kind be issued with the Israeli representatives on the parties' intentions as far as Palestinian "self-government" is concerned, although this declaration was one of Egypt's conditions for signing the Camp David accords. Washington in this case was completely on Israel's side, and Sadat again reneged on his word.

The evolution of Cairo's official views on the Palestinian question as a whole was quite typical. It boiled down to the idea that inasmuch as this problem could not be solved on Arab terms even within the framework of Pax Americana because of Israel's opposition the Tel Aviv version should be accepted as a starting point. But at least some "concessions", Cairo thought, had to be wrung from Israel so that they be proclaimed a "great victory" of the Arabs, and cover up Sadat's defeatist policy. Among the various "ideas" in this vein proposed by Sadat, one of the latest, in the middle of March 1980, was that the PLO should declare its wish to associate any future Palestinian state with Jordan before this state is established. Typically, none of them met the national interests of the Palestinians.

It should be borne in mind that Sadat was directly involved in Israel's attempts to physically exterminate the Palestinian resistance movement. Begin had informed Sadat in advance via the Israeli military mission in Cairo about the forthcoming Israeli aggression in Southern Lebanon in March 1978. The pretext for this invasion was an incident near Tel Aviv in which a Palestinian guerilla detachment engaged Israeli army units. The bus seized by the guerillas to drive to Tel Aviv from the coast was blown up

when Israeli bullets hit it during the shootout and many civilians consequently died. An army of 30,000, equipped with American weapons, including F-15 fighters, pellet bombs and heavy artillery, occupied Southern Lebanon. Begin hombastically declared that he would "cut off the evil hand" of the PLO, and the Knesset adopted a resolution which practically approved the genocide of Palestinians living in Lebanon. This resolution was industriously carried out by the Israeli invaders. Over 600 dead, mainly civilians, villages and Palestinian camps destroyed, houses of "guerilla" sympathisers blown up and 265,000 refugees who fled from the south for the middle of the country were the results of Israel's punitive operation. But the Israeli government was not only thinking about "retaliation". Begin let the cat out of the bag when he said that his army would still have attacked Lebanon even if the incident near Tel Aviv had not happened.

Although forced to pull back from Lebanon by Security Council Resolution 425, Israel still created, nevertheless, a "security belt" along its Lebanese border, having established a puppet state entity in the form of "free Lebanon" headed by the traitor major Haddad, whose "Army for the Defence of Southern Lebanon" became a direct source of new Middle East conflicts. Thus, the Camp David "peace framework" resulted in a new tragedy for the Lebanese people and Palestinians, but Tel Aviv's design to destroy the PLO failed.

As for the occupied Syrian territory—the Golan Heights—Israel's position there shows no trace of concessions. When the former Israeli Foreign Minister Moshe Dayan said that the status of the Golan Heights was different from that of the West Bank and Gaza Strip and so negotiations with Syria were possible on the issue, Begin reprimanded Dayan, indicating that Israel's "security interests" demand that this territory be retained.

The other outstanding problem remains that of Jerusalem, carefully bypassed in the peace treaty by all the three parties. After it had been signed, Egyptian representatives tried—albeit guardedly—to impose their understanding of the problem on Tel Aviv. In an ABC TV interview, however, Sadat recognised the Israeli proposition on a unified Jerusalem and did not insist that the east part be returned to the Arabs. At the same time, he said that Egypt regarded Jerusalem as an inseparable part of the West Bank of the Jordan. But the press secretary of the Israeli Foreign Ministry, M. Shilo, stressed in response to that statement that Jerusalem had been reunited under the law adopted by Israel in 1967. There could be no question of dividing the eastern and western sectors of the city. Jerusalem would remain one and indivisible.¹³ In the Knesset, Begin concluded the debate with the now familiar refrain: Israel will never withdraw its troops to the 1967 borders and will not return annexed Jerusalem, the city being, as he put it, Israel's eternal capital. The Israeli Prime Minister also warned Egypt not to entertain any hopes that Israel would ever permit the establishment of a Palestinian state on the West Bank and Gaza Strip.¹⁴ Nothing new was actually said, but his words clearly showed that Cairo would get nothing more than the Sinai Peninsula from Tel Aviv.

Facts irrefutably show that the Camp David accords did not resolve a single basic issue of the Middle East crisis, and only created additional difficulties on the way toward a just settlement. At the same time, they further reinforced the "special relations" between the United States and Israel, and indicate that Washington sees Tel Aviv as the foundation of its Mideast policy. On March 26, 1979—the day the Egyptian-Israeli peace treaty was concluded—the United States and Israel signed a memorandum of agreement that was clearly anti-Egyptian in nature designed to "placate" fears of Israel "risking peace"

in the Middle East. In the document, the United States pledged to discuss on an emergency basis an increase in US military presence in the region, to provide urgent military supplies to Tel Aviv and to guarantee the breaking of any possible blockade of international sea routes for the Israeli ships in the event of a breach of the treaty (by Egypt, of course). Although they formally protested against the document, Sadat and his associates had to swallow the diplomatic insult.

To conclude, it should be once again emphasised that the Egyptian-Israeli peace treaty is a brain-child of American diplomacy and was concluded to reinforce the US positions in the Middle East. The treaty, in fact, led to the forging of an anti-Soviet and anti-Arab military and political alliance in the region. We will examine its character and forms later when discussing US attempts to establish its military presence in the Near and Middle East.

Steadfastness and Counteraction

Opposition of the Arab countries to the treacherous policy of Sadat emerged immediately after the October War and became more concentrated qualitatively and quantitatively as Cairo moved closer and closer to a separate peace with Israel. While initially reflected in individual critical remarks and censure by Libya, the PLO, Syria and other Arab countries, the opposition gradually became universal as Egypt back-pedalled from common Arab demands and relied increasingly on the United States. The leaders of Syria, Algeria, Libya, the People's Democratic Republic of Yemen and the PLO met in Damascus from December 2 to 5, 1977, where they condemned Sadat's "initiative" as undermining the possibility of establishing a just peace in the Middle East and being designed to divide the Arab nation to force

it to accept defeatist decisions and to encroach upon the legitimate rights of the Arab people of Palestine. As is well known, the National Front of Steadfastness and Counteraction was proclaimed in the Syrian capital, and at the meeting its members decided to freeze political and diplomatic relations with Egypt and to suspend all contacts with it in the Arab world and internationally.

A second summit meeting of the Front was held early in February 1978 in Algiers. The Political Declaration highlighted the danger of the President Sadat's defeatist course to the interests of the Arab people because the Egyptian leader was acting according to an American-Israeli plan. The declaration also stated that Sadat had no right to speak on behalf of the Palestinian and Syrian people. The leaders of all the Front countries visited Moscow between January and March 1978, and these visits showed that there was a complete concurrence of views on the actions taken by the USA, Zionism and Arab reaction. In his speech on February 21 at a Kremlin dinner in honour of Syria's President Hafez Assad, Leonid I. Brezhnev praised the efforts of the sound forces of the Arab world, whose meetings in Damascus and Algiers "laid the groundwork for strengthening the front of resistance to the policy of surrender and selling out Arab interests". «15»

The Camp David meeting and the Egyptian-Israeli peace treaty which followed definitely showed the Arab leaders (at the beginning of the separate negotiations, some of them had suggested that Sadat not be hampered in his attempts "to achieve peace") that there was a broad conspiracy against the Arab peoples and their legitimate rights. The progressive Arab countries and the PLO met during the summit meeting of the Front countries in Damascus in September 1978. It was also pointed out at the Moscow talks between President Assad and Soviet leaders in early October that, under the circumstances, the most urgent task

for the Arabs was to rally and further activate the forces opposing the defeatist, anti-Arab policy of Camp David. "The organisers of the separate deals," said Leonid I. Brezhnev at a dinner in honour of Assad, "act as if there are no Arab countries in the Middle East other than Egypt, whose leadership bows submissively to American-Israeli dictate. But the Arabs are not mute pawns in a game—they themselves determine their own destiny. Without them no one, going over their heads and ignoring their legitimate rights and interests, will succeed in bringing about a lasting settlement of the Middle East conflict." «16»

A policy of concerted action emerged after Assad's tour of several Middle East countries which was bound to worry the architects of the separate conspiracy, above all the USA. On November 2, 1978, a conference of heads of states and governments of Arab countries and of the PLO was held on the initiative of the Council of Revolutionary Command of Iraq in Baghdad, where a final attempt was made to dissuade Sadat from making peace based on the Camp David deal. But the delegation sent to Cairo and led by Lebanese President Selim Hoss, was not even received by Sadat, and returned to Baghdad. The conference demonstrated the Arab unity in condemning Camp David and all it represented for the peoples of the Middle East. It was pointed out that Sadat's course flouted decisions adopted by summit meetings in Rabat and Algiers, the Charter of the Arab League and the UN resolutions on the Palestinian question. The conference rejected the Camp David attempts to impose a Middle East Pax Americana on the Arab countries in addition to Egypt, and declared its non-recognition of any political, economic and legal consequences of the tripartite deal. The Arab countries reiterated their well-known stand on ways of reaching a comprehensive Mideast settlement. The meeting participants took steps to reinforce the defence capacities of the Arab countries and the

PLO through financial aid to Syria, Jordan, the PLO and to the Palestinians living in the occupied territories. They also agreed to an economic and political boycott of Egypt if the Sadat regime signed a peace treaty with Israel.

The resolutions of the Baghdad summit were also signed by Saudi Arabia. But a thing that should be pointed out is that Riyadh was not always consistent: it acted as a "moderate" force at the Baghdad session, trying to prevent decisions which would ostracise Sadat and his policies and help isolate him completely. Western and Arab sources reported that the Saudi regime had not been enthusiastic about the idea of an economic boycott of Cairo in the event it signed a separate peace treaty with Israel, and agreed to exert financial pressure on Sadat only when strongly urged to do so by the majority. But afterwards, Riyadh still pursued its usual wait-and-see tactics without committing itself very deeply to either active opposition to the Egyptian President's "initiatives" or to Sadat himself until his defeatist policy ultimately led to a dishonourable peace. It was only after Cairo signed the peace treaty with Israel that the Saudi leaders joined those who had initially rejected the separate deal. Riyadh's attitude can be explained by the regime's traditional pro-American inclination, its dependence on Washington for economic and military aid (if purchases of vast quantities of American equipment and weapons for hard currency without credit can be considered aid), and the still lingering belief that the US Administration might at some time in the future move from its total support of Israel toward the Arabs, although these expectations were clearly unfounded. The Saudi leaders pursue their policies of "friendship" with the United States under pressure, as this friendship is unequal in every respect since Washington neglects Saudi Arabia's specific interests, believing that what is good for the US will

he good enough for Riyadh as well. And the American officials do all they can to fuel the Saudi Princes' fears for their own security, hauling out the scarecrow of the "communist threat" at every moment.

"No one who remembers the sudden disappearance of Libya's King is going to say with total confidence that that other desert kingdom of Saudi Arabia could not go the same way," wrote *The Economist*.¹⁷ This association seems to stick in the minds of every member of the House of Saud and, therefore, great emphasis is placed on the country's domestic stability. The enormous inflow of money has obviously prompted the royal family to come up with the idea that a certain redistribution of benefits might be needed, so a great deal of money is allotted for development to let common people in on some of the crumbs of the oil bonanza.

Government spending on development projects increased from \$512 million in 1970/1971 to \$5,618.1 million in 1974/1975, and reached \$12,608.2 million in 1975/76. The five-year development plan of 1976 to 1980 totaled \$142 billion. The Saudi Arabia's ruling circles are very attentive to the infrastructure. A 31.4 per cent slice of total budget spending of the 1978/79 fiscal year was allotted for the purpose; 11.1 billion riyals (R3.45 equalled U.S. \$1 then) were to be invested in agriculture and water resources, oil production and other minerals, industry and power engineering.

In certain social and economic aspects, Saudi Arabia remains a very backward country. Its mortality rate is 20 per 1,000, one of the world's highest. Average life expectancy of a subject of the Saudi King is only 40 years, and seven Saudis out of eight are illiterate. This last factor makes the problems of development particularly hard to solve. Although the Saudi authorities built 300,000 apartments in various places in several

years, the housing problem is still far from resolved. The lack of skilled manpower as construction goes on on an increasingly larger scale has forced the Saudi rulers to rely more and more on foreign workers. It is estimated that the country has half a million North and South Yemenis (50 per cent above the official figure), 200,000 Egyptians and thousands of Pakistanis working there. And according to official statistics, there are now 28,000 American experts in Saudi Arabia.

In addition to development plans as a means for stabilising the regime, the House of Saud has continued to strengthen Saudi Arabia's military structures. Appropriations for military and security needs were the largest in the budget for the 1978/79 fiscal year: R45.5 billion were allocated, almost 35 per cent of the total, a figure that speaks for itself.

"At the beginning of the 1970s," wrote Dale R. Tahtinen in his brochure *National Security Challenges to Saudi Arabia*, "the U.S. Defense Department recommended to the Saudis that they place greater emphasis upon improving the air force, and the eventual result was the purchase of F-5 aircraft. The Peace Hawk (a hypocritical enough—*Authors' note*) program was developed to help the Saudis achieve relative self-sufficiency in the use and maintenance of the F-5. The program's greatest difficulty has been in training enough skilled personnel to attain the goal,¹ but by 1981, or soon after, the Saudis should have absorbed the 110 F-5s and associated facilities and weapons, including

¹ A caustic remark in *Newsweek* is appropriate here: "The Saudis have no military tradition in the modern sense, and troops who were guiding camels across the sands not long ago are now being asked to cope with computerized missile systems and supersonic jet fighters. They have to rely on American advisers and technicians to grease their military machine and that will remain the case for years to come." "18"

Sidewinder air-to-air missiles, Maverick air-to-ground missiles, and laser-guided bombs. Beyond the actual procurement of planes, the Peace Hawk program has also included the construction of facilities, from hangars and ramps to supply depots, firing ranges, and various flight-line support...

"The 1974 U.S. Defense Department survey that recommended expansion of the Peace Hawk program also dealt with the need to replace the Kingdom's British-made Lightning aircraft at the beginning of the 1980s... After examining their future defense requirement ... the Saudis decided upon the F-15 Eagle as the advanced fighter to be purchased. The decision appears to have been arrived at by pragmatic reasoning, and militarily it is difficult to challenge."¹⁹ In fact, however, quite a few counter-arguments can be found to challenge it. The F-15 is one of the most sophisticated American planes; it is chock-full of extremely complex electronic equipment. Tahtinen himself recognised that it was going to take years for the Saudis to absorb the F-5, which is far simpler. Consequently, the F-15 will be nothing more than an expensive toy for the next decade or so, and will have become obsolete by the time the Saudi Air Force is in a position to use it. Nevertheless, the Saudis got what they wanted and, with some difficulties, the Carter Administration managed to force the sale of sixty of these F-15s to Riyadh through Congress. There can be no doubt that a big chunk of Saudi Arabia's military appropriations for the next few years will be spent on these fighters, the most expensive in the history of American military industry.

The ruling circles of Saudi Arabia are spending enormous amounts to modernise the Army. "Military complexes are taking shape up and down the country, naval bases are being built on the Red Sea and in the Persian Gulf, and a new air base is being built at Tabuk in northwestern Saudi Arabia, and im-

pressive array of modern armament is finding its way into Saudi inventories," wrote *Newsweek*. ²⁰

In their army modernisation programme, the Saudi rulers have not overlooked ensuring themselves against revolutionary trends that might crop up within the armed forces. A unique system has been devised and is functioning in order to station them. A fifth of the army is stationed in Tabuk near the Jordanian border, in barracks surrounded by a great number of bedouin families faithful to the regime, who have been settled there. There is another large military camp, also surrounded by bedouin settlements, in Nafar al-Batin, more than 950 kilometres from Tabuk on the other side of the Nefud desert near the Iraqi border. Part of the Saudi army has been stationed in Syria and Jordan for many years.

Thus, as of the late 1970s, the position of the USA as the biggest imperialist predator in the Near and Middle East was manifestly becoming weaker. The energy crisis and the failure to continue getting cheap Mideast oil, the shambles of attempts to saddle the Arab states with Pax Americana, and the appreciable blows dealt imperialism by the revolutions in Iran and Afghanistan made the US Administration switch to even tougher policies on Middle East problems.

The Doctrine of Aggression and Its Components

The Middle East situation is extremely unstable and poses the danger of diverse crises—which Washington undoubtedly takes into account. But it does not feel it necessary to take into consideration one very important circumstance: the critical situation in this region is first and

foremost the result of the openly imperialist policy pursued by the world's largest capitalist state in the area. The US Administration prefers to blame other forces for the region's troubles: first, there is "the hand of Moscow", then, some unknown "radicals" and terrorist groups, whose common goal is allegedly to deprive the United States and its allies of Mideast oil, and to strangle the Western economy. The formulas suggested by the White House geopoliticians, such as Carter's national security adviser, Zbigniew Brzezinski, not only resemble shadow boxing but are also designed to avoid any peaceful settlement of existing issues and to rely on brute military strength, although this policy, as the latest history of the Middle East amply proves, is doomed to failure.

Having made enemies of virtually the entire Arab world, the US leaders, instead of seriously tackling the settlement issues, continue to do everything they can to reinforce the anti-Arab Cairo-Tel Aviv axis and are deliberately heightening antagonistic relations with the Arab world. Washington also tried to resolve its long crisis with Iran from a position of strength and totally ignored the just demands of the Iranian people.

Since the 1979 revolution, American-Iranian relations have been characterised by the United States' overt desire to restore its control over Iran, albeit in a fashion different from that under the Shah. The Carter Administration rejected Iran's just demands for the extradition of the late Shah, criminally responsible for murdering Iranian patriots, and for the return to the people of his fabulous wealth amassed by robbery. Moreover, Washington indulged in a real provocation by permitting the deposed monarch to come to the USA. This action greatly exacerbated American-Iranian relations and on November 4, 1979 a group

of Islamic students supporting Khomeini seized the US Embassy in Teheran and the Embassy staff, and demanded that the White House agree to Iran's conditions. The response of the US Administration was to freeze Iranian assets in American banks, to send an armada of warships into the Persian Gulf area, and later to break off diplomatic relations with Iran, to expel all the Iranian diplomats from the USA, and to try and organise an economic and diplomatic blockade of Iran using its allies in their imperialist bloc.

As the leader of the Islamic revolution Ayatollah Khomeini repeatedly pointed out, this acute crisis in relations could easily have been avoided had the American government considered the just claims of the Iranian people in a constructive spirit. But instead, Washington tried to bring the Iranian people to their knees through military threats and blackmail, which was not only hopeless but also directly threatened peace in the Middle East and the Indian Ocean basin.

The US government and its propaganda machine have blown up the events of December 27, 1979 in Afghanistan to the size of a direct "Soviet threat" to the West. It would be appropriate here to quote Andrei A. Gromyko, member of the Politbureau of the CPSU Central Committee and the USSR Minister of Foreign Affairs, who said: "American officials and propagandist agencies keep repeating lately that the Soviet Union is certain to have decided to break through to some warm seas and oceans. Just decided, as they say, to make a dash for it, and that's that. The Soviet Union has more than once refuted this invention which, incidentally, was put into circulation in the West long ago, at the time of the tsars and tsarinas. It is quite appropriate to say on this matter today also that it is not the USSR which is trying to get to some warm seas—it has enough outlets to warm as well as

cold waters—but it is the imperialists who want to expand the sphere of their military presence in the areas many thousand kilometres away from their own land.” «21»

Cornered in a hopeless deadlock by its own selfish and aggressive Middle East policies, the Carter Administration took up a well-tried hobby of American presidents—inventing doctrines designed by their architects to be a star to steer by for the ships of American diplomacy as they thread their course on the troubled waters of international politics. In January 1980, Jimmy Carter made public his State of the Union message to Congress, which was labelled the “Carter doctrine” even before it was released.

This document was the outcome of three weeks of feverish activity in the White House, and was an attempt to evaluate globally the role of the United States in modern world. It, in fact, recognised the failure of the foreign policy of Jimmy Carter as well as previous administrations. The President failed to find any other alternative to the discredited policy but further strengthening the US role as the world policeman. In his message, the President insisted that the United States had to establish its leading role in the world undergoing the most extensive and dramatic changes known in human history. Proceeding from this fundamental proposition, Carter advocated a sharp increase in the US military budget for the 1981 fiscal year to over \$158 billion, i.e. 5 per cent more than the previous year.

The purpose of this enormous amount of money was to enhance the US aggressive strategic capability, to build up NATO forces, to create the rapid deployment force which would be able to intervene in any countries, even those thousands of kilometres from the United States, and to set up a network of new military bases ringing “explosive”

areas, the first of these being the Middle East with its oil fields and petroleum transportation routes, and South Asia. The Persian Gulf was specifically mentioned as one such area. According to Carter, all these regions were extremely important for the security and prosperity of America. The message warned the oil-producing countries that if they ever began to pursue an independent oil policy, retribution would be strong and sudden. Eventually, the world's dependence on the Gulf oil will increase, said Carter. He also said that the refusal to supply oil would jeopardise US security and cause an even more serious economic crisis than the Great Depression 50 years ago. One of the threats to this oil was the lack of regional stability which, the President said, required that the USA should firmly defend its vital interests when they were threatened. In other words, the interests of imperialism will be safeguarded, but the legitimate interests of the people of the region will be ignored. “American policy shows that they sometimes do not see the difference too well between what is theirs and what is not,” said Andrei Gromyko. “It is dangerously becoming a habit. They speak, for example, about Iranian oil as though discussing the fate of their home vegetable patch. They speak about Arab oil sources as if they were the US backyard.” «22»

Stripped of the expansive rhetoric typical of such documents, the Carter doctrine boiled down to the fact that for the sake of ill-famed “American interests” the United States was willing to unleash a military conflict in any area of the world (the President missed perhaps only the Antarctic in this respect). According to Carter, any infringement of these interests, particularly in the Middle East and the Persian Gulf, whatever its nature (external threat or domestic changes in

existing regimes), will be repelled by use of any means necessary, including military force. This aggressive proposition was developed in statements of other top American officials, such as former Secretary of Defense Harold Brown, who tried to frighten the Soviet Union by saying that confrontation with the US armed forces in the Persian Gulf might spread to other regions.²³ On January 31, 1980, CBS TV network reported on a Pentagon press briefing where high officials did not rule out the possibility of using tactical nuclear weapons in the Persian Gulf area. In other words, the campaign launched in the USA around the President's State of the Union message looked increasingly like war hysteria.

Americans were quick to notice that the Carter doctrine had been hastily compiled of doctrines of other US Presidents and was a mumbo-jumbo of the views of Truman, Eisenhower and Nixon, although a hit updated and projected onto the political map of today's world. Like its predecessors, Carter's brainchild reflected the imperialist policy of aggression and expansion directed at suppressing, first of all, the national liberation movement and enforcing the American way of life on the nations of the world. The President borrowed from Truman the idea of a system of regional military blocs and a version of the Marshall Plan to consolidate pro-American regimes financially and economically. At the same time, the Carter doctrine is a repetition of the US policy formulated by President Eisenhower in 1957, wrote the political columnist of *Journal of Commerce* J. Lanonica. He also drew attention to a dangerous new element of American policy. He said that the most frightening aspect of President Carter's statement about the intention to use "any means necessary" to defend the Persian Gulf was that the Pentagon had to emphasise again the doctrine of limited nuclear war proclaiming the readiness of the United States to deliver

selective nuclear attacks on military targets of the enemy as a method to prevent him from carrying out any plans affecting the oil fields.²⁴ As for Nixon's Guam doctrine, Carter borrowed from it the part where US foreign policy would rely on local policemen responsible to Washington for security in their regions.

Although the Carter doctrine was acclaimed by hawks of all colours, it troubled progressives and sane politicians in the USA, as well as America's allies in Western Europe and Japan. The American press questioned the expediency of the provisions on new military pacts and bases and the import of American military power to the Persian Gulf, which, it said, did not make it possible to attain the desired goals—stability in the region and the safety of oil supply routes to the West. *The Christian Science Monitor* drew a clear conclusion: "The President's declared intention to fight, if necessary, to defend oil from the Persian Gulf might best be described as a posture—hardly a full-blown doctrine."²⁵ As *Newsweek* summed things up, the Carter doctrine transformed the President into "a feisty geopolitical proctor—if not a cop".²⁶

Many Western observers regarded the Carter doctrine as the skeleton of American foreign policy for the 1980s. But even before it was born, this skeleton began being collecting the flesh of specific actions that would ensure a US military presence in and around the Middle East.

The planned measures can be grouped as follows:

Military blocs and pacts. American leaders have more than once been affected by pact fever during the country's long history of relationships with the Middle Eastern countries; they have seen the collapse of many an aggressive alliance. The Dulles complex, however, is still strong on the banks of the Potomac. There was a recurrence of this fever after Egypt abandoned the joint Arab front of struggle and crossed over to the imperialist camp.

The fall of the Shah, Sadat's isolation in the Arab world and Begin's diehard expansionist policy made a broad pro-American alliance impossible, but Washington has no intention of taking it off the agenda, especially after the events in Afghanistan, although it sees the anti-Soviet bloc on a more modest scale. Only Egypt and Israel can be relied on, and the American geopoliticians are giving them the job of policeman in the Middle East.

This is a uniform Israel has worn for a long time. It was a policeman in 1956, during the tripartite aggression against Egypt which brought it together with Great Britain and France, and in 1967 with direct support from the USA. This role is so deeply rooted in the minds of Israeli officials that they did everything they could to goad the United States into "punitive actions" against Tehran as the American-Iranian crisis developed. The American press reported that Tel Aviv had "privately" told the White House that it was perfectly willing to have Israel used as a base for a "retaliatory attack" against revolutionary Iran. And Washington responded favourably because none of the NATO countries would have agreed to get involved in such a move except Great Britain, but it was too far away from the target. In addition, Israeli anti-terrorist experts inundated the Pentagon with advice on how to carry out operations in Iran. Former Israeli Foreign and Defence Minister Moshe Dayan and former Defence Minister Peres who visited the US at one time or another stated unequivocally that the United States had to look toward a settlement by military means.

It is only natural that the imperialist states can use both Israel's military capability and its experts for attacking the Arab countries, including the oil-producing ones. And this is well understood in the Arab capitals. It has been reported that the United States and Israel had devised a joint plan to seize oil fields in the Persian Gulf, partic-

ularly in Saudi Arabia, under the code-name Dahrán Option No. 4. The principal target was to be the Ghawar oil field, the largest in Saudi Arabia. A marine division and several paratrooper units were detailed for the action and were to be moved into the area from Israeli air bases in the Negev desert.

It should be noted that the Pentagon often feels it unwise that Israel be used for any direct operations against the Arabs due to their strong aversion. But there can be no doubt that Washington always has its main ally in the Middle East "in reserve". But the Americans plan to make more extensive use of Egypt as an Arab, African, Moslem and non-aligned country, although nothing much has remained of its "non-alignment" since November 1977.

As the Pentagon and NATO planned, Egypt was to become a stronghold of the West in the continent. Having freed its hands in the Sinai by signing the treacherous, defeatist treaty with Israel the Sadat regime was trying to consolidate its positions in Africa blindly obeying the Pentagon and NATO. Sadat's actions in Africa have already been described above, but he had been trying his best for the subsequent years of his rule not only to consolidate his function as a voluntary guardian of American interests in Africa, but also to serve as the chief mouthpiece for anti-Soviet propaganda.

Relations have been especially cordial between Cairo and the Mobutu regime. In February 1980, Egypt and Zaïre signed a military aid agreement under which Cairo would send its instructors to this African country and Zaïre officers would be trained at Egyptian military schools. The Egyptian Foreign Minister Butros Ghali dwelled at length on some of Egypt's "obligations" to African countries during his trip through the continent in November 1979, but left no doubt that Sadat's Egypt would provide aid and succour only to those who need it

to maintain the notorious status quo and to pursue pro-imperialist policies.

As far as the Arab world is concerned, Sadat still hoped to patch up relations with its conservative elements, joining the USA in its attempts to frighten the so-called traditional regimes with the "Soviet threat" bogey. The Lebanese weekly *Ad-Dustur* published two documents on December 3, 1979 which, it said, had been drawn up by the Egyptian President's office. They underlined the need for a military alliance of the NATO type to be established in the Middle East, which Egypt would lead, and for the alliance to include Libya once Gaddafi had been overthrown—an illusory objective of Sadat. Cairo's importunate assurances that it was willing to provide "any military aid" to any Arab country ostensibly threatened from outside fit in well with this scheme. This aid, in the form of military instructors in addition to arms, has been accepted by Morocco, as Algeria's *Al-Moudjahid* reported on October 10, 1979. Cairo's relations with the Sultanate of Oman were also being strengthened. The Syrian newspaper *Al-Baath* wrote on October 10, 1979 that Egyptian-Omani contacts had been stepped up at American bidding with the aim of forging a sort of "mini-alliance" in the Persian Gulf area to protect the region against imaginary Iraqi and Soviet threats.

Washington, naturally, sought to unite the military capability of its two allies, Egypt and Israel. Statements by US Senator Henry Jackson, the recognised hawk who visited Israel and Egypt in early July 1979, are of great interest in this regard. The Senator often enough blurted out in quite unequivocal terms thoughts which the US Administration kept close to the vest. After a meeting with Sadat in Alexandria, he pointed out that Egypt and Israel should play an extremely important part in ensuring Middle East stability

and security in the light of the West's growing dependence on Arab oil.

Jackson's statements highlighted the real meaning and objectives of the Egyptian-Israeli accord: an anti-Arab and anti-Soviet alliance always willing to defend Western oil interests—primarily American—rather than work for Middle East peace were the real reasons for the rapprochement between Cairo and Tel Aviv. The same ideas prompted the former Egyptian President in defining Egypt's attitude to the Iranian revolution. After Teheran had broken off all ties with Cairo, Sadat did not mince his words about the Iranian revolutionary leaders, invited the deposed Shah when he left Iran, offered (just as Begin did) the Egyptian territory with all its military facilities to the USA in the event the United States would try to cut the Gordian knot of American-Iranian contradictions, and, finally, unrolled the red carpet in Cairo for the Shah who was granted permanent residence after he had fled Panama.

"The latest round of talks between Egypt's President Anwar Sadat and Israel's Prime Minister Menachem Begin /in Aswan—Authors' note / here last week can be regarded as the first Arab-Israeli summit in search of a defense arrangement against Soviet ambitions in the Middle East," wrote *The Christian Science Monitor* in January 1980.«27» Leaving the distortions, such as "defence arrangement" and "Soviet ambitions", to the author's conscience, we still have to say that the good newspaper was mistaken. The Egyptian-Israeli (not Arab-Israeli) summit meetings have shown that even at Alexandria in July 1979, Begin and Sadat were talking not about Palestinian autonomy or the return of Israeli-occupied lands to the Arabs at all, but about the military consolidation of the Cairo-Tel Aviv axis. The Israeli Premier had reason for telling journalists that they were "important, perhaps the most important negotiations in my life" as he left Alexandria. The

meetings in Haifa (Israel) and Aswan only continued discussions of the subject.

When leaving for Aswan, Begin had with him a report from Israel's Centre of Strategic Studies on possible Egyptian-Israeli military collaboration.

The French press comment on the "consultations" between Sadat and Begin at Alexandria was that with US approval, Cairo and Tel Aviv were looking for a concerted strategy to resist by diplomacy or by military force any attempt to destabilise the Middle East situation in the Iranian fashion. Against physicians' advice, former Israeli Foreign Minister Dayan left his hospital to attend a cabinet meeting where he proposed joint use of air bases in the Sinai Peninsula by the United States, Egypt and Israel. The proposal was welcomed by the ministers, but Cairo decided that its best tactic was to keep silent. The matter was discussed in secret by Defence Minister Weizmann and his Egyptian counterpart, Ali, when the latter visited Israel. The Saudi press reported that the Egyptian government had agreed in principle to the setting up of two US air bases near Sharm-al-Sheikh which would constitute "the first line of defences of US interests in the Middle East".

This is how Washington was going to use the Egyptian-Israeli alliance. Its principal task was to preserve the status quo, which was as much to its advantage as it was to the partners' in the separate deal, and to use the Cairo-Tel Aviv axis against any attempts by the Arab countries to step up the struggle for their rights, whether concerning oil or a Middle East settlement.

Arms Sales. The supply of armaments is an important tool of US foreign policy. The United States sent over \$40 billion worth of arms abroad between 1961 and 1975. The Middle East has always been an important target for the gun merchants, and the rising tide of oil dollars engulfing the area has resulted in colossal arms deals.

The United States has given and is giving its closest attention to *Israel*, which has practically never been denied the most sophisticated weapons.

In fiscal 1980, US military aid to Israel amounted to approximately \$1 billion; in 1981 it was increased by another \$400 million and remained on that level through 1982; and in 1983 it reached the mark of \$1.7 billion. Meanwhile Egypt, within the year following the separate "peace treaty" with Israel, concluded agreements with the USA on arms deliveries to the tune of about \$2.5 billion, thus increasing its military purchases from the United States almost fivefold.

But what about the quality of the weapons going to Israel? Unlike the other Middle Eastern countries (except Saudi Arabia, whose military potential stands in no comparison with that of Israel) Tel Aviv sometimes receives the newest models of the US war industry before America's NATO allies. The Israeli Army has F-15 fighters which it used to attack Lebanon. The first deliveries of the F-16, another fighter of the latest model, began in January 1980, with 40 of the 75 ordered to be supplied during that year. According to Defence Minister Weizmann, Israel would in addition receive 100 tanks, 660 armoured personnel carriers and two picket missile-carrying ships.^{«28»}

By the summer of 1982, nine years after its defeat in the October War, the state of Israel had completely turned into a garrison nation armed to the teeth, thanks to efforts by the United States. Arms sales brought greater returns than citrus or diamond exports. In 1981, arms sales earnings made up 25 per cent of all exports—about \$1.5 billion.^{«29»} These deadly deliveries are sent to 52 countries on five continents—to such repressive regime states as Chile, Guatemala and El Salvador in Latin America, Thailand, South Korea and Taiwan in Asia, and South Africa. "*Israel*," *Afrique-Asie* wrote, "plays a clear-cut political role in the imperialist

strategy. When the United States or other NATO countries prefer to reduce or completely discontinue arms sales to the more odious dictatorships, Israel rushes in to fill the gap, providing these regimes with the means to remain in power... Today, Israel is the fifth biggest arms exporter in the capitalist world, after the United States, France, Great Britain and West Germany. Incidentally, its export earnings enable Tel Aviv to defray its own military spending which has increased 500 per cent since 1967."³⁰ Over the past decade, the military industry has become the biggest employer in the country; Israel's per capita military expenditure is the third largest in the world, while in terms of per capita expenditure on education it holds the 19th place. The 1982 military budget was 75 billion shekels, and the external debt servicing payments, mostly connected with military spending, 40 billion shekels. Total military spendings exceed half the national budget which equals 200 billion shekels. Add to that the US military assistance—some \$2.5 to \$3 billion a year. The Israeli leadership appoints retired military officers as heads of companies and government agencies, thus controlling virtually all civilian activities.

The increased influence of the military on all domestic developments has obviously contributed not only to the growing aggressiveness among the country's leaders but also to the rise of chauvinism among the men in the street. Diplomacy is now seen merely as a smokescreen covering predatory war.

The Pentagon has put Egypt in the number two position in US arms supplies, at least quantitatively. Overseas military aid to Cairo has rapidly escalated since 1973, accompanied, on Sadat's part, by the escalation of his betrayal of the Arab cause, of anti-Sovietism and a willingness to let imperialism and Zionism call all the tunes. Beginning with providing six C-130 transport air-

craft to Cairo in 1973, Washington was ready to supply the obsolete F-5E fighters, but then replaced them by more sophisticated F-4 Phantoms. The bill of over \$500 million was to be footed by Saudi Arabia. But after Sadat signed the Camp David treaty, Riyadh refused to pay. Then, the Egyptian President begged overseas directly.

During negotiations with Pentagon representatives in Cairo in May 1978, Egyptian military commanders asked for \$1.5 billion worth of armaments, including Phantoms, destroyers and ground-to-air Hawk missiles. The Pentagon mission was the first large American delegation, and was followed by frequent visits of a similar nature to Cairo. Washington was aware that despite Sadat's bravado and notwithstanding a military parade of October 6, 1979 which included the Phantoms hastily shipped to Cairo specifically for the event, the Egyptian army was in extremely bad shape. *The Christian Science Monitor* reported that Egyptian pilots received only a fiftieth of the military training flight time granted their Israeli counterparts because of a shortage of spare parts and money-saving considerations. The air defence capability fell to 50 per cent of its 1973 potential. "To prevent grumbling in the armed forces, his primary power base, President Sadat had to put obtaining advanced American weaponry high on his list of priorities."³¹ By 1979, the Pentagon had promised Egypt 700 armoured personnel carriers, 11 anti-aircraft missile batteries, 420 air-to-air Sidewinder and Sparrow missiles, 500 air-to-ground Maverick missiles, British helicopters, French Mirages and rockets.

The United States promised technical assistance to Egypt in producing armaments, including armoured vehicles and electronic equipment. This aid was to be financed also out of the above-mentioned \$1.5 billion. Another similar agreement was signed in February 1980 on the use of Egypt's former

facilities of the Arab Organisation of Military Industries—dismanded after the withdrawal of Saudi Arabia, United Arab Emirates and Qatar—for assembling the F-5s, Bell-214 helicopters and accessories.

Another Pentagon caravan headed by Deputy Secretary of Defense Perry visited Cairo in October 1979. He was followed by John R. McGiffert, assistant secretary for international security affairs. The result was an agreement with Egypt on the re-equipment of the Egyptian army for the next five years, under which Cairo was to receive forty F-16 fighters, 244 M-60A2 tanks and other hardware. The Pentagon was contracted to spend about \$4 billion on the modernisation of the Egyptian armed forces—\$800 million a year, with possible additional allotments. *The New York Times* quoted American officials as saying that Egypt's armed forces needed to be modernised to meet its "legitimate defence needs" along the border with Libya and "to keep Egyptian military leaders satisfied that Mr. Sadat is working in their interests and providing them with the necessary hardware".³²

The Washington Post commented on the deal as follows: "Senior administration officials, recalling how hopes of maintaining Iran as a Middle Eastern military power had collapsed with the fall of Shah Mohammed Reza Pahlavi, said openly they didn't believe it would be wise to lavish on Egyptian President Anwar Sadat the same kind of sophisticated arms that had been made available to the Shah." However, "since Egypt is the largest and most militarily powerful country in the Arab world, US policymakers suddenly have found a lot of compelling new reasons for keeping Sadat on their side".³³ Cairo responded with a government statement to assure Washington that the incoming arms would maintain "stability" in the Middle East and indicated that they would be used to prevent any repetition of the events in Afghanistan in the region, and also against Libya.

Taking their cue from Washington, Sadat and Defence Minister Ali announced that extensive military aid would be given to the Afghani counter-revolutionary gangs and training camps would be set up; they also reiterated their willingness to provide military bases in Egypt for the United States. At the end of January 1980, it was revealed that the United States had secretly moved Boeing-707 planes equipped as AWACS "flying command posts" and containing the most sophisticated electronic surveillance equipment to Egyptian air bases in Kena. These planes were used to orient US Navy ships concentrated in the Indian Ocean to cow Iran. In addition, there were three weeks of joint exercises, involving both Egyptian war planes and US F-3A and also 250 pilots and ground personnel of the US Air Force, which included flights over the Arabian Peninsula. Thus Cairo was seeking to do favours for Washington in exchange for modern weapons, although not to the extent and not quite as good as those going to Tel Aviv, the USA's devoted ally.

The arms supplies to Morocco, as was said in Washington, had political as well as military significance. The American leaders had been criticised after the fall of the Shah that they did not provide sufficient support to troubled allies. That is why the military aid to such countries as Morocco and Tunisia was seen as a sign of US willingness to help its friends. Washington had long donned the mask of neutrality in Morocco's conflict with POLISARIO fighting for the independence of the Western Sahara, though everybody knew whose side it was on. *The New York Times* wrote on October 12, 1979 that "Washington's policy toward the dispute has been ambiguous". Reports leaked to the press at the beginning of that month indicated that the Carter Administration had decided to provide urgent military aid to Rabat. In late January 1980, the Pentagon

formally informed Congress that it planned to send Morocco a large quantity of military hardware at a cost of \$250 million. Rabat would be supplied with 20 F-5E fighter-bombers, six close-support OB-10 planes and 24 AH-1 Cobra helicopter gunships designed for desert hostilities. It was claimed, against any logic, that the arms sale to one side would help settle the dispute peacefully. By now, the government of Morocco has provided the US with several military bases in exchange for the military aid.

And finally, even though a number of Arab countries have strongly opposed the Egyptian-Israeli peace treaty and sharply condemned the US role, Washington continued to consolidate military ties with them as "potential allies". The examples are *Jordan* and *Saudi Arabia*.

American arms sales to Riyadh are overtly dictated by desire of both the State Department and the Pentagon to compel that country to serve the interests of US imperialism. The United States wants to bind Saudi Arabia to its war machine with all-embracing military shackles without any possible alternative.

But this policy has not been a total success. After former French President Valéry Giscard d'Estaing visited Riyadh, Saudi Arabia began to develop cooperation with France as well as with other European countries. There were reports in March 1980 that Saudi Arabia was going to foot part of the bill for the design and development of a third-generation French fighter, the Mirage-4000.

The Pentagon, however, still remains the principal arms supplier. In December 1979, Saudi Arabia's Minister of Defence and Aviation, Sultan ibn Abdul Aziz, reported that an agreement had been concluded with the USA for the purchase of 6,500 bombs and rocket shells for aircraft, and 660 Sidewinder and Maverick rockets.³⁴ The deal was

worth \$120 million. At the end of January 1980, the Pentagon stated it would sell spare parts and equipment for F-15s to Riyadh at a cost of \$350 million. The following month saw another deal for artillery shells (140,000) worth \$77.5 million for the Saudi Army. A significant point is that these huge supplies of ammunition and auxiliary equipment were justified by the fact that the country was extremely far away from American sources.³⁵

Washington has quite an extensive project to militarise Saudi Arabia even further, including the construction of military bases to increase the military capability of the Saudi armed forces, and the modernisation of airdromes and air bases so they can handle the F-15s. The cost will be \$1.5 billion, and the project will involve, in addition to military hardware, a greater influx of Pentagon experts, thus leading to a greater American military presence in the kingdom. The then President Carter also approved a change in financial arrangements for arms sales to Saudi Arabia. *The New York Times* reported that the United States had undertaken to pay interest to Saudi Arabia on its billion downpayment for military hardware and equipment. The newspaper pointed out that President's measure "will cost the United States hundreds of millions of dollars over the next few years".³⁶ It is worth noting that Carter made his decision in the summer of 1979 after Riyadh had agreed to increase oil production from 8.5 million bbl to 9.5 million bbl a day. The newspaper added that Riyadh's orders for American arms totaled \$22.2 billion as of September 30, 1979.

Saudi Arabia's dependence on overseas military supplies is bound to affect its foreign policy. Although its attitude to the Egyptian-Israeli deal and the political and economic boycott of the Sadat regime for its treacherous betrayal

has been generally similar to that of the overwhelming majority of Arab states, in all other respects Riyadh has followed in Washington's wake. This was made particularly clear after the events in Afghanistan, when the Saudis acted as the conductor of the anti-Soviet choir of Moslem countries in Islamahad, agreed to finance military aid to Pakistan, and are now providing large sums of money to the Afghani counter-revolutionaries. In the spring of 1980, there were reports that the Saudi Princes favoured the new concepts of the American "system of regional security" in the Persian Gulf ensuing from the Carter doctrine, including "determination" of the United States to use military force to defend the region against any "external threat".

Quest for military bases. The Pentagon was extremely active in this field long before the Carter doctrine as the ill-famed idea of rapid deployment was evolved, its implementation being contemplated via a network of "strong points" in various parts of the world. The United States, of course, should not have any difficulty in obtaining military facilities from Israel or Egypt for various purposes. This includes the bases returned by Israel to Egypt after its withdrawal from the Sinai, and the Israeli bases being built in the Negev desert. In addition, the USA has a base on the island of Diego Garcia in the Indian Ocean, which is rapidly being turned into a launching point for aggression not only in the Indian Ocean but in the Middle East as well; the USA uses the island of Masira in Oman, and "unofficially" utilises harbour facilities of Bahrain. But the Pentagon clearly thinks all this insufficient...

The American military plans in the Persian Gulf area also rely on a system of nearby strong points. Both the American and Western press have often pointed out that the United States needed

the bases to effectively control the Middle East oil fields and to intervene wherever unrest may break out, or if oil supplies to the West are threatened in any way, even for a short time. These fears heightened in Washington in the summer of 1979 after another oil price increase by OPEC. "Military contingency plans ... are being examined in view of a possible threat to American energy supplies in North Africa, Saudi Arabia and the Persian Gulf," wrote *The New York Times* on July 5, 1979. The United States has enmeshed the globe in a dense net of approximately 2,500 military facilities. Over 480,000 American troops are stationed abroad. The US Senate appropriated \$3.7 billion in 1980 for the maintenance of American military facilities in 114 countries.

In a *The New York Times* article of January 1980 on Carter's "new concept" of obtaining access to the bases of other countries instead of building one's own, it was pointed out that the US government was trying to establish a network of bases in the Middle East from Turkey in the north to the small island of Diego Garcia in the Indian Ocean. It pointed out that the use of airfields and ports of other countries would make this network easier and cheaper to set up; it is less risky politically and increases flexibility in deployment of forces.

Great Britain seized Diego Garcia in 1965 from Mauritius whose government demands the restoration of its sovereignty over the island. London's response was to deport part of the population from Diego Garcia and "leasing" it to the USA. In 1975, Congress endorsed the expansion of its air and naval bases there. A runway for transport aircraft and strategic bombers appeared, large harbour facilities where aircraft carriers and submarines could dock were built in the lagoon, and huge fuel storages, a radio communications centre, radar station and a well-developed

air defence system were installed. Diego Garcia became a multipurpose base for the American Air Force and Navy, allowing American warships to be able to reach any Asian country in two days, and aircraft within several hours. Despite the protests of the Indian Ocean countries, the United States continues to expand and reinforce the outpost of aggression.

The role of Israeli and Egyptian bases in the Pentagon's aggressive plans have already been discussed. "Israel sees itself as strategically valuable to the United States. Experts say an entire American division could land in an emergency and be fully outfitted immediately with American arms and equipment," *The New York Times* wrote on February 3, 1980. US Ambassador Lewis assured Israel that Washington thought that it could use the country's military facilities in future.

On January 1, 1980 the CBS televised an interview with Sadat who again stated he was willing to let the USA use the military bases in Egypt. He made no secret of the fact that he was making the offer to aid the US Army in intervening in the Middle East countries if they began evolving toward communism. These statements angered some of the independents sitting on Egypt's National Assembly.

According to reports in the Kuwait press, the United States is using two air bases in Egypt: one in Kena and the other west of Cairo; and a naval base in the Gardak area in the Red Sea. *The Financial Times* wrote: "Although President Anwar Sadat and General Kamal Hussan Ali, his Defence Minister, have both insisted that the US is not being provided with bases, it is pointed out that the Americans do not technically have bases in Spain or Britain, but are using facilities provided by the host countries." «37»

As far as relations between the USA and Bahrain are concerned, Bahrain's Foreign Minister Muhammed ben Mubarak al-Khalifa said in early February 1980 that the American requests to be allowed to use the country for military bases had been turned down and, moreover, Bahrain was not going to grant use of its naval base of Jufair to any foreign state or to allow foreign warships any preferences or privileges. But it is a known fact, however, that Bahrain and its military installations are still being used by the US. Significantly, the Minister's statement produced no stir in Washington or the world press, and the status quo seems to persist.

The United States also increased its pressure on Saudi Arabia to get it to agree to the American plans of creating new bases in the Persian Gulf and in Saudi Arabia itself. Zbigniew Brzezinski and US Under Secretary of State Warren Christopher visited Riyadh, but left without any definite guarantees as far as bases were concerned. "Nonetheless, it appeared after today's talks that Saudi Arabia now is favorably disposed to US facilities in the region though it is not going to advertise the idea and may even criticize it occasionally," wrote *The Washington Post* on February 6, 1980. *The New York Times* confirmed: "According to the officials in the American delegation who briefed reporters during the first leg of the flight back to Washington, Crown Prince Fahd, the Deputy Prime Minister, was very supportive of the American plan to maintain a permanent military force in the region, to use military facilities in different countries, to conduct military exercises with nations in the region and to seek Saudi cooperation in all these efforts." «38»

This may be so or may be not so, but Foreign Minister Saud al-Faisal told the national news agency on February 9, 1980 that his country did not intend to provide military bases or any

military advantages on its territory to any foreign state. He stressed that his country would not conclude any agreements with the United States in this respect, and that any rumours to that effect were groundless. In practically all their official statements the Saudi leaders pointed out that security in the Persian Gulf could be best guaranteed only by the countries of the area without any outside interference. A military mission sent by the Pentagon to north-east Africa and the Middle East in quest of bases did not encounter a favourable response in Riyadh. Meanwhile, the Pentagon is preparing an arrangement to have Riyadh agree to some new air bases to be built by the Americans which will be used to store American arms and fuel.

In January and February 1980, the Pentagon sent representative delegations to Saudi Arabia, Oman, Somalia and Kenya to extract the right to use bases in those countries. From statements made by the US military spokesmen it can be concluded that the planned network of bases will have two functions: one is to support the permanent American military presence in the Indian Ocean and adjacent seas, and the air activities there; and the other is to ensure the transfer to those military installations (and support) of the Rapid Deployment Force, i.e. to have ships with armaments, ammunition, food and fuel stationed in forward-based areas so that they all could be used by arriving troops in emergency situations. The US military visitors, who in a short period of time invaded those four countries in three stages, were especially interested in the facilities of Masira (Oman), Mombasa (Kenya) and Berbera (Somalia).

Kenya's port of Mombasa had long been used by the US Navy, and the United States only wanted further privileges and rights for its ships and planes. Newspaper reports indicate that the

Kenyan government succumbed to American pressure, which was accompanied by promises of economic and military aid. *The Washington Post* wrote: "The Carter administration is preparing to ask Congress for \$90 million to \$100 million in military and economic assistance to Kenya, Oman and Somalia in return for expanded access to ports and airfields in those countries for US naval and air units, according to informed sources. The three countries ... have expressed a willingness to provide such access..."³⁹

Initially reluctant to openly arm Somalia after the war in the Horn of Africa with Ethiopia, the United States obviously reconsidered its attitude. "The United States has decided on a big shift of military policy in the Red Sea and Indian Ocean," wrote the *London Observer*, referring to talks in Mogadishu between Somalia's President Said Barre and Reginald Bartholomew, Director of Politico-Military Affairs of the US State Department. The newspaper believed that for the Americans the principal objective of the meeting was to obtain bases for the Air Force and Navy in return for arms. "If the talks are successful," it said, "the United States will establish a permanent naval and air presence along an arc from Diego Garcia in the southern Indian Ocean to Mombasa in Kenya and Berbera in the Red Sea. This arc of defence will be linked to the expanded military presence which the United States is proposing to establish with some of its NATO partners in the Gulf area."⁴⁰ Incidentally, the American idea of expanding NATO's field of operations to the Persian Gulf has not been supported by its West European allies, who have consequently been reproached from overseas for their "lack" of solidarity.

The US-Somalia talks took on the appearance of an Oriental bazaar so fierce was the bargaining. While meetings still continued, reports were leaked to the

press that Mogadishu had agreed to allow the Americans to use the Lisud airdrome and the ports of Berbera, Bosaso and Hafun. On March 11, 1980 Said Barre said during an official visit to Qatar that Somalia had never provided any foreign power with bases and facilities, and never would. But this "denial" was in direct contrast to a statement made by US Defense Secretary Harold Brown who confirmed that Somalia had agreed to the American demands. Moreover, the Kuwait newspaper *Al-Rai al-Amn* wrote on March 2, 1980 referring to Mogadishu sources that a thousand US servicemen had arrived in Berbera to prepare to receive a large US troop contingent.

As for Oman, the situation is perfectly clear. At the beginning of February 1980, the Oman Embassy in Washington confirmed that its government had permitted the USA to use its military facilities on the island of Masira. A Baghdad-based spokesman of the Omani People's Liberation Front described the feverish activities of US contractors constructing military facilities not only in Masira, but in other areas of the Sultanate as well. To reward Sultan Qabus bin Said, Great Britain and the USA promised more weapons for Oman, including aircraft, missiles of various types and ships.

Now the Pentagon has received the following bases in Oman, Somalia and Kenya for more or less permanent use: in Oman—As-Sib (air force and navy), Thamarit (air force), Muskat (air force and navy), Salalah (air force), and Masira (air force); in Somalia—Berbera and Mogadishu (air force and navy); and in Kenya—Nairobi and Nanyuki (air force) and Mombasa (navy). The Pentagon is now busy studying the possibility of using the territory of the Sudan where the modernisation of three bases is under way.

The Rapid Deployment Force (RDF). The US Administration gave the go-ahead for this "long arm" of the Pentagon in 1977. But the idea of

rapid deployment was not a Carter Administration invention; the American policy of armed interference in the affairs of other states harmonises perfectly with the long-established American concept of itself as the world policeman. The United States used expeditionary forces 71 times between 1946 and 1975 to achieve its foreign-policy objectives. In general, Washington resorted to its armed forces 215 times over the same period for similar purposes. It is important to bear in mind that the United States did not usually act at the request of the governments concerned, but, on the contrary, against their will violating their sovereignty and independence. Washington views the RDF as a universal instrument of imperialist policy by military means.

In August 1979, artillery fire boomed over the scorching sands of California's Mohave desert. Dropped from helicopters, marines went straight into action overrunning "enemy" positions. The US Marine Corps "was helping" the friendly state of San Bernardino to repel an attack by the forces of "Mohave" and guerillas of the "Organisation of Desert Patriots", the terrain of the war game closely resembling that of the Persian Gulf area. American generals did not even try to conceal the objective of the troops trained in California. Over 200,000 servicemen have already undergone special combat training at the Marine Corps' Twenty Nine Palms camp, and are to be the core of the RDF which is regarded as the crack mailed fist of the US Army.

Planned for incorporation in the RDF were the 82nd airborne division and 101st mobile airborne division with an aggregate strength of 18,000, two marine divisions with approximately 20,000 men each, 600 to 1,000 fighter planes and bombers, refuelling oilers, deep-sea troop landing vessels, and two to four special naval task forces including

nuclear-powered aircraft carriers and destroyer squadrons.

After RDF commander General P. Kelly hoisted the flag over his headquarters at a Florida air base on March 1, 1980, specific measures were put into motion to prepare for stationing the force and for storing its materiel and supplies. In July 1980, seven US warships were redeployed in the Indian Ocean with materiel on board sufficient for a marine brigade of 10,000. Other steps will be obviously made to turn the amorphous and cumbersome RDF into a combat unit which can serve its purpose—so that it can respond by military force to any changes that the USA does not like in hot spots, or in those spots of the world which are cold for the time being, but can easily become hot.

Theoretically, the use of US armed forces in various regions, in the Middle East above all, was provided for in the interventionist "Carter doctrine" announced on January 23, 1980. But with the coming to power of the Reagan Administration the USA turned to direct interference in the affairs of Middle East states.

US strategists do not conceal that the Rapid Deployment Force, whose strength has increased from 100-110 thousand in 1979, the year it was formed, to 200-300 thousand now, is intended to be used primarily in the Arab East and the Persian Gulf area.

* * *

These are the stakes of world imperialism in its struggle for Middle East oil. Hypothetical speculations about an interruption in the oil flow to the West conceal practical designs to suppress the rebellious peoples of the Middle East and establish unrestricted control over their natural resources.

The US policy in the Middle East today is part of the general militarist course of the Reagan Administration, which presents a serious threat to peace. Its goal

is to try and ensure military superiority and a dominating position in the world for the United States, disregarding the interests of other nations. The rapid stepping up of the arms race is only one aspect of this pernicious policy. Its most characteristic elements are the expansion of US military presence and the network of military bases in various regions; an open drive for military superiority over the Soviet Union; sabotage of the fundamental principles of Soviet-American relations elaborated earlier through joint effort; pressure on other countries to force them to cut back political, trade and economic ties with the socialist countries; unrestrained psychological warfare pushing the world to the brink of a real war; and the use of the US armed forces for interference in the internal affairs of sovereign states and installing pro-imperialist regimes.

While comparatively recently Washington would pretend to be absorbed in "peace-making" in the Middle East, now it not only overtly encourages Israel in its aggressive policies, but is itself participating in a war against the Arab East. Washington has gone over from the wide support it has always rendered to Israel in its aggression against Arab states to direct interference, including armed intervention, in the affairs of Middle East states.

The joint acts of aggression in the region are committed by the USA and Israel in keeping with the Joint Memorandum of Understanding Strategic Cooperation signed on November 30, 1981, in Washington. Though in December the operation of this US-Israeli accord was formally suspended, it has never stopped in actual fact. In May 1982, that is, right before the Israeli invasion of Lebanon, the Reagan Administration promised, during backstage negotiations, guaranteed fulfilment of the memorandum terms, actually giving a green light to the Israeli invaders who then opened a thrust on Beirut.

Launching an attack on Lebanon, cynically code-named operation "Peace for Galilee", Washington and

Tel Aviv expected they would smash the PLO forces, create in Lebanon a base for expansion of US military presence in the Middle East, and impose a puppet "administrative autonomy" on the Arab population in the occupied Western Bank of the Jordan river and the Gaza Strip as a step toward their final annexation by Israel. The idea was to bring the still-born Camp David process out of the dead end and impose a neocolonialist domination of US imperialism on Arab peoples. They planned a thoroughly prepared and coordinated US-Israeli action against the Arab national liberation movement. These actions by the aggressors are a gross violation of the principles of international law and the UN Charter, a ruthless disregard for the sovereign right of the peoples themselves to decide their fate, a brazen challenge to world public opinion.

The aggression of the United States against tiny Grenada clearly confirmed that the crime against Lebanon was not just an episode but part and parcel of the foreign policy of the US Administration. The intervention in Grenada is in essence an act of aggression against all Latin American countries. But not only that. What happened to that tiny island lost on the fringes of the Caribbean Sea is a warning to all small nations: international terrorism and brigandage have been made part of US policy. If one thinks over the explanation of what has happened offered by the US President, one will not fail to see that in the opinion of the present US Administration any system which does not fit into US standards not only becomes the object of covert subversive actions by the secret service and agents of US armed forces.

Sent to Grenada was a group of 16 US warships led by the aircraft carrier *Independence* with 70 planes on board, and 5 landing craft. When the invasion was in full swing, taking part in it were up to 15,000 marines and soldiers of the 82nd airborne division of the Rapid Deployment Force.

The US aggression against Grenada has clearly shown the true worth of the expatiations by the US leaders upon "human rights", "the freedom of nations" and their own "devotion to democracy". Having committed the heinous crime against that small country, the US Administration has exposed itself before the whole world as the chief sponsor of the policy of international terrorism. And having ordered the landing of the marines in Grenada, the US President trampled upon his grandiloquent declarations about law and morals and equated the actions of his Administration with terrorism, and US foreign policy with international brigandage.

The US actions in Lebanon increasingly resemble international brigandage as well. In a bid to intimidate the progressive forces there, the Pentagon has concentrated in the Eastern Mediterranean 40 warships with marines on board. As it follows from statements by US officials, including the President, the Secretary of State and the Secretary of Defense, the USA is contemplating a large-scale operation in Lebanon with the purpose of dealing a massive blow at the national patriotic forces of that country.

Asserting hypocritically that the USA is carrying out a "peace-making" mission in Lebanon, Washington has been using the tensions that have arisen there as a result of US-supported Israeli aggression and the subsequent entry of US troops in the country with a view to expanding and consolidating US presence in Lebanon and in the Middle East as a whole.

Having imposed on the Lebanese government a fettering agreement with Israel, an agreement which has been strongly rejected by the majority of the Lebanese people and by other Arab countries, the United States would like to make short work of the national patriotic forces of Lebanon coming out against their country's occupation by Israeli and American troops.

The deliberate buildup of tensions around Lebanon is followed up with threats addressed to Syria by the US

and Israeli military and high-ranking officials. In an interview to the American CBS on November 13, 1983, the President's national security adviser MacFarlane threatened to apply the "Grenadian experience" to Syria. The possibility of a joint US-Israeli "punitive action" against Syria is being openly considered in Washington. It is all too clear now that the main cause behind the worsening situation in the Middle East is the aggressive policy of the Reagan Administration which has gone from supporting Israeli aggression over to direct interference in the affairs of Arab states, including armed interference.

Despite the growing aggressiveness of US imperialism, its positions are getting increasingly insecure. It is losing the pillars of its influence, like the Shah of Iran or Nicaraguan dictator Somoza, in various regions of the world. But still, as we can see it, the US Administration continues to rely on repressive and anti-popular regimes, including those in the Middle East. However, this is futile reliance, as history has well shown us, but the sound forces in the Arab East will have to display utmost vigilance to preclude imperialist encroachments on their national wealth, independence and sovereignty. These forces are politically influential and mature and realise the danger they are facing. This allows us to look forward with optimism to the outcome of the years of struggle waged by the Middle East peoples for their inalienable rights in the face of aggressive plottings by world imperialism and local reaction.

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